

# **AIR FORCE PERSONNEL DEMONSTRATION PROJECT 7<sup>th</sup> CYCLE CCS RESULTS**

**April 2004**



**Michelle Williams  
Lab Demo Project Office  
Air Force Research  
Laboratory**



# Purpose

- Informational Briefing
  - To review the results of 2003 Contribution-based Compensation System (CCS) cycle
  - Maps to Core Strategy D, Objective 3
    - D3 - Retention of a High Caliber Workforce
      - D3 Action #B: Document and track compensation and broadband movement/promotions
  - Discuss any opportunities for improving the demo



# Outline

- **Project Evaluation Review Committee (PERC) Structure**
- **CCS Terminology**
- **CCS Objectives**
- **CCS Results**
  - **Demographics**
  - **Assessment Results**
  - **Compensation Adjustment**
  - **Broadband Movements**
- **Summary and Conclusions**



# Project Evaluation Review Committee (PERC) Structure



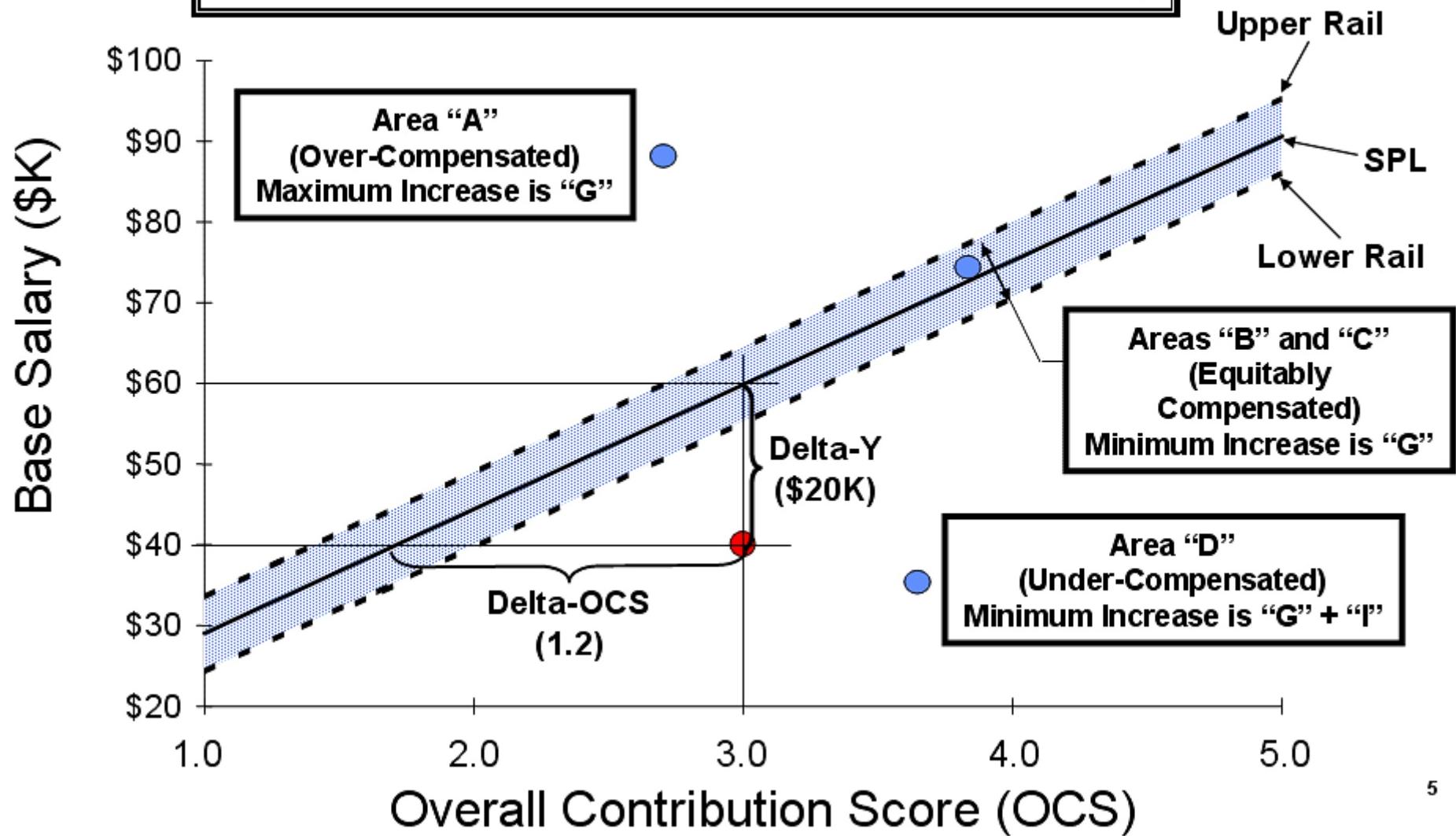
Position	Name	Organization
PDO/Chairman	Michelle Williams*	AFRL/RMD
PDO	Julie Dingus*	AFRL/MNOR
PDO	Tammy Carter*	AFRL/RMD
PDO	Erika Karmeris*	AFRL/RMD
Division Chief	Bob Rapson*	AFRL/MLB
Branch Chief	Ron Hunt*	AFRL/MNAL
Branch Chief	Brian Moore*	AFRL/DIO
Employee Rep	Matt Kochan*	AFRL/IFEB
CDO	Dake Wissman*	AFRL/CCN
Permanent Member	Chris Remillard*	AFRL/VAAA
Permanent Member	Ricky Peters*	AFMC/EN
Permanent Member	Wendy Campbell*	Volunteer Emeritus
Support Contractor	Bob Rue	SRA Int
Support Contractor	Dan Leighton	SRA Int

\* Voting Members



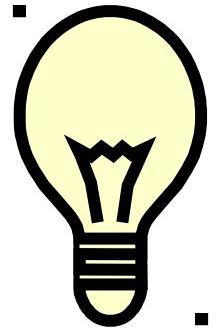
# CCS Terminology

**"G"** = General Cost of Labor Increase (Set by Congress)  
**"I"** = Incentive Increase (Set by AFRL Corporate Board)





# CCS Objectives



- **Primary objective:** Provide equitable compensation for all demo employees based upon their contribution to the organization's mission
- **While at the same time:**
  - Providing incentives to all S&Es for increased contribution
  - Encouraging appropriate attrition and accession
  - Maintaining fiscal discipline
  - Providing for fair and equitable treatment of protected groups
  - Providing for increased feedback to the S&Es
  - Providing increased flexibility to the supervisors in managing their workforce



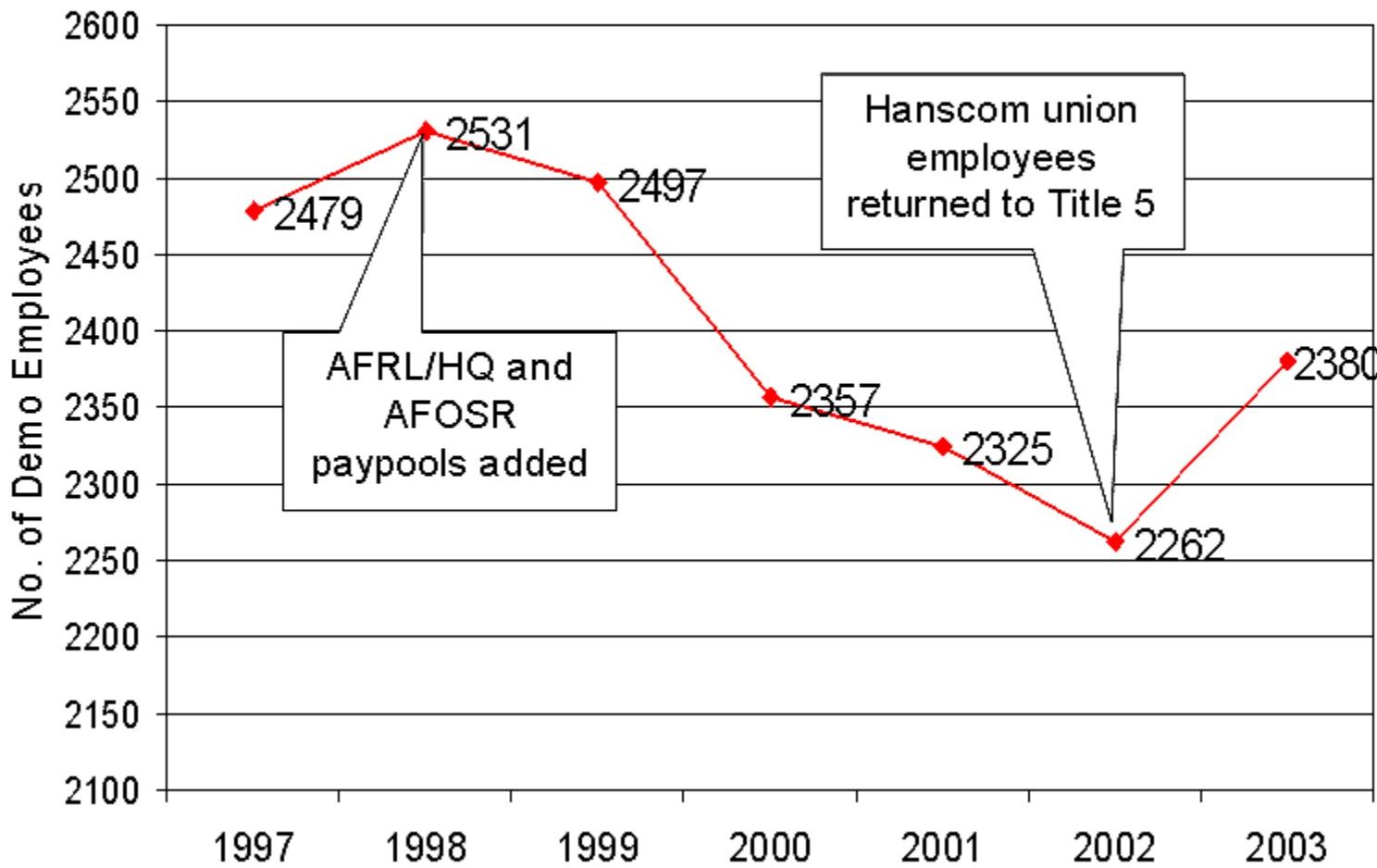
# Outline

- Project Evaluation Review Committee (PERC) Structure
- CCS Terminology
- CCS Objectives
- CCS Results
  - Demographics
  - Assessment Results
  - Compensation Adjustment
  - Broadband Movements
  - Summary and Conclusions



# Demo Population

See Block #1 of Paypool Summary Handout



2003 Pop.

AF

37

DE

174

HE

186

HQ

73

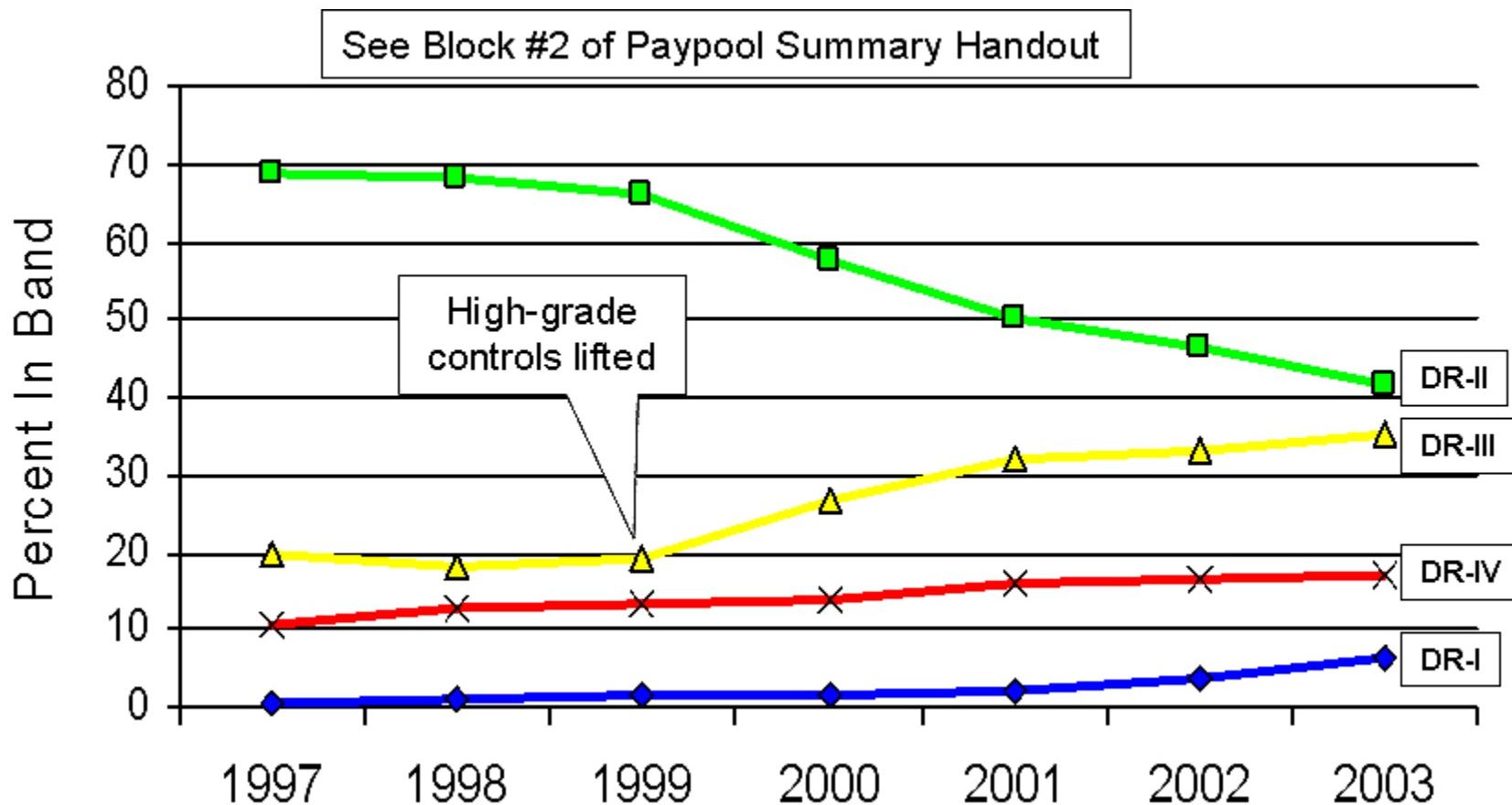
IF

340

ML



# Demo Population - By Broadband (Prior to Broadband Movements)

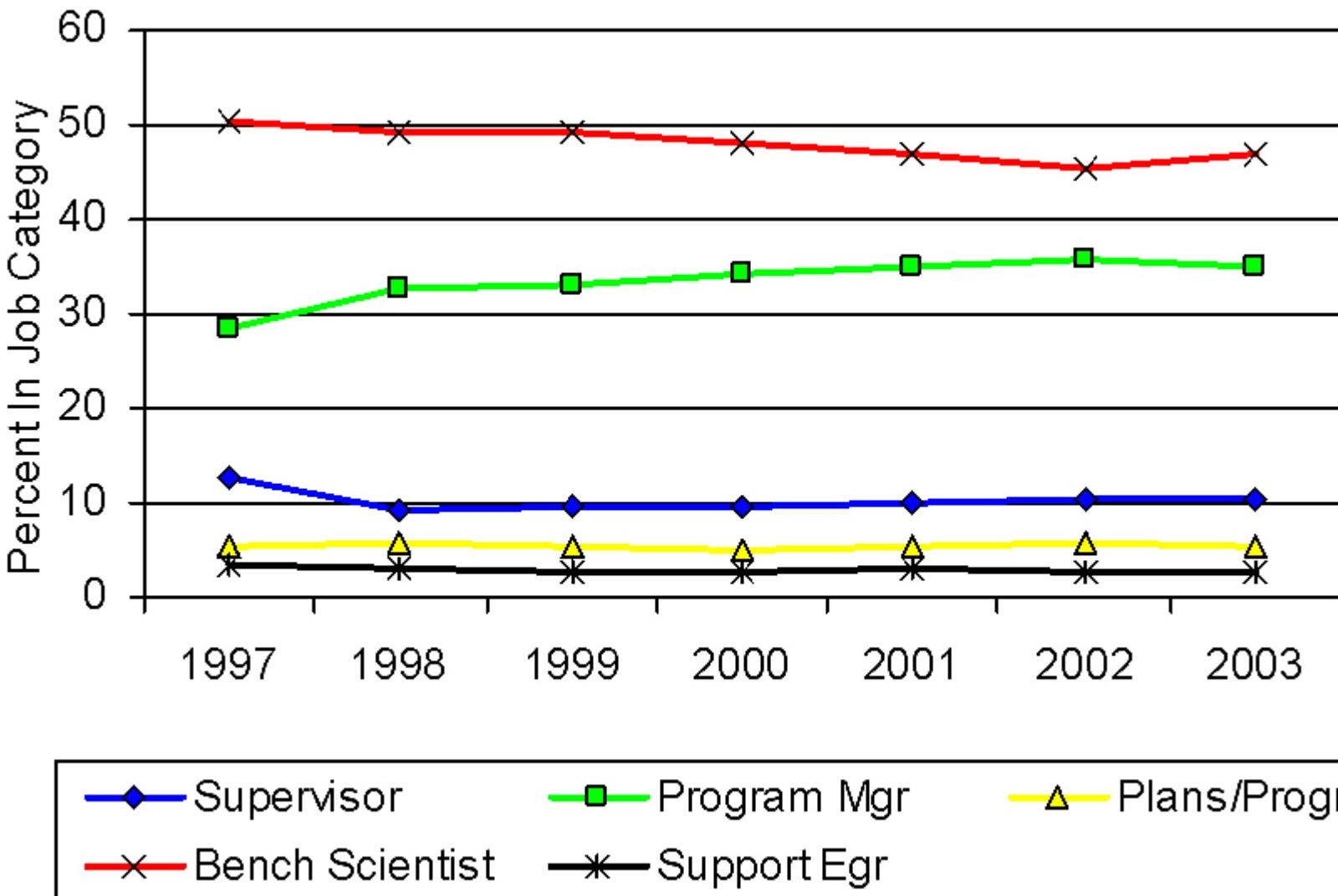


**Our ability to move employees seamlessly has been used extensively. It provides incentive for increased contribution and allows supervisors to manage their workforce.**





# Demo Population - By Job Category





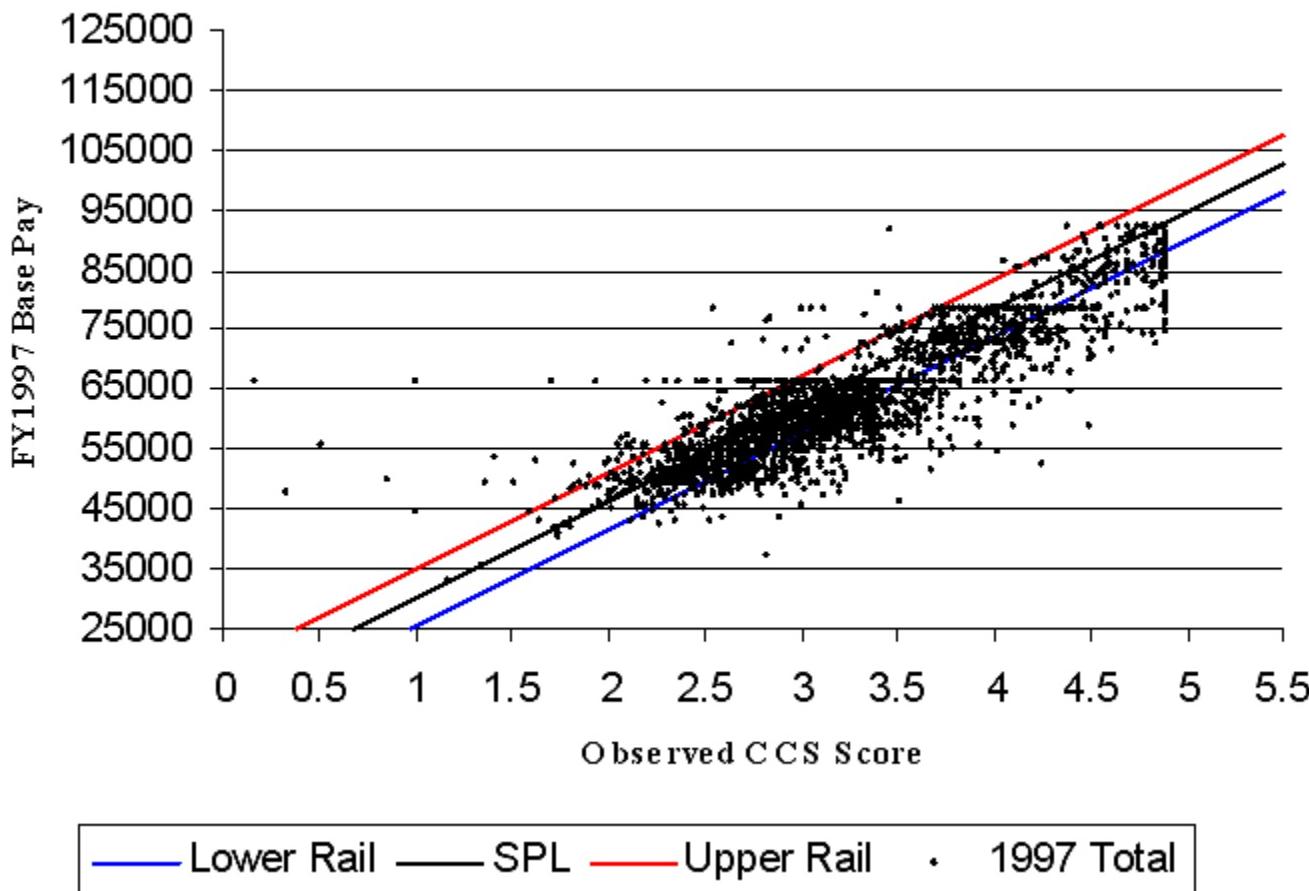
# Outline

- Project Evaluation Review Committee (PERC) Structure
- CCS Terminology
- CCS Objectives
- CCS Results
  - Demographics
  - Assessment Results
  - Compensation Adjustment
  - Broadband Movements
- Summary and Conclusions



# Assessment Results

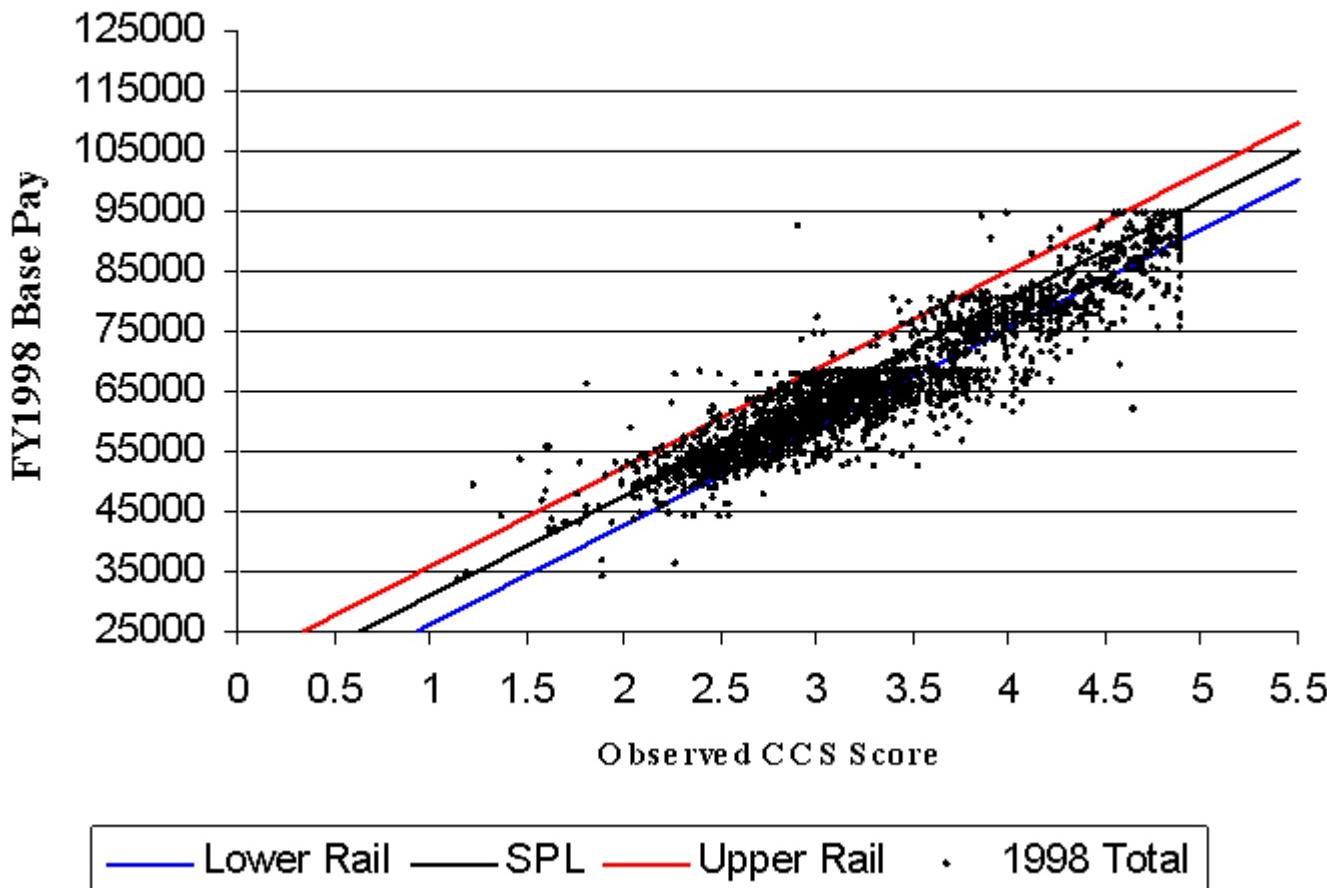
## 1997 Overall LabDemo Plot





# Assessment Results

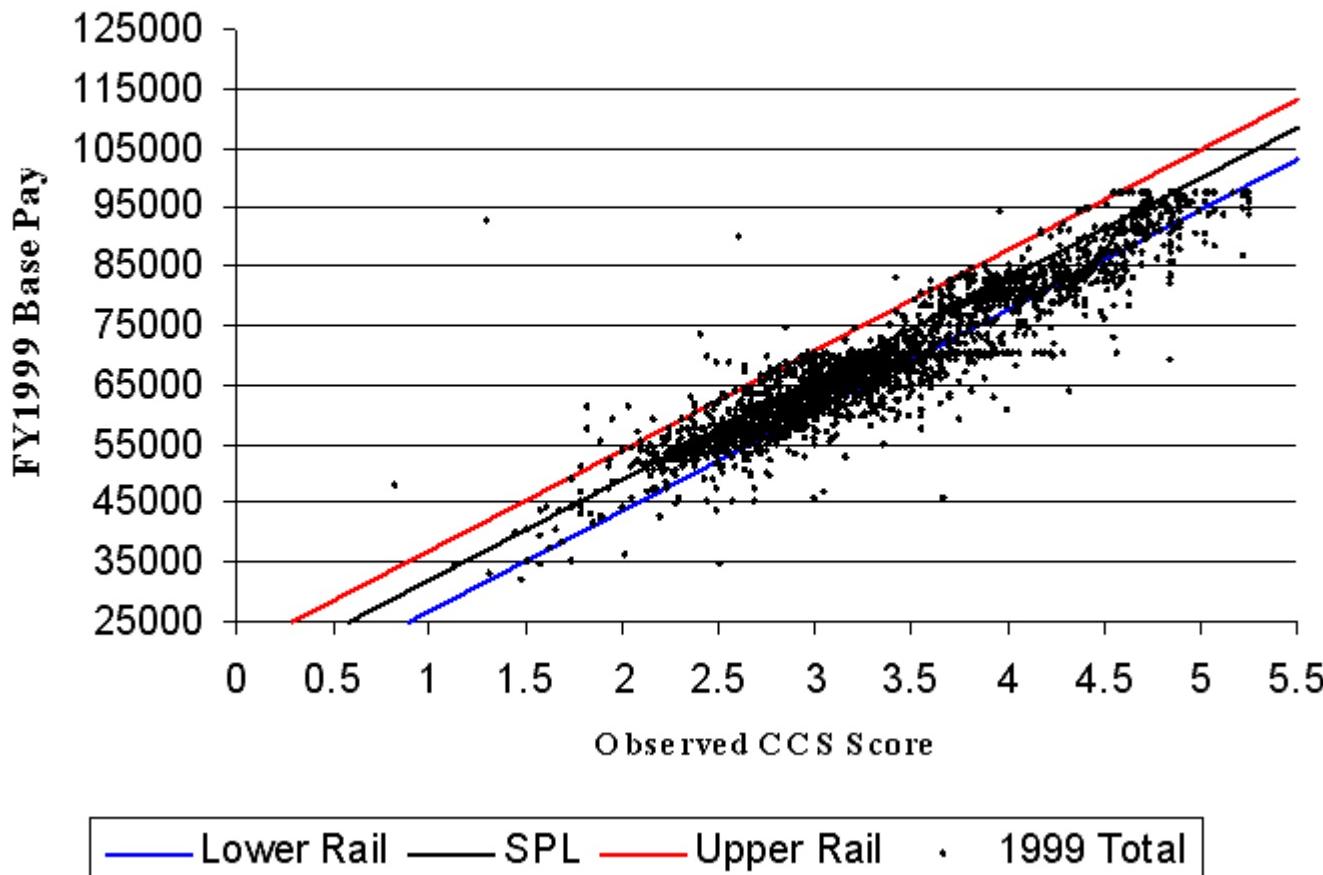
## 1998 Overall LabDemo Plot





# Assessment Results

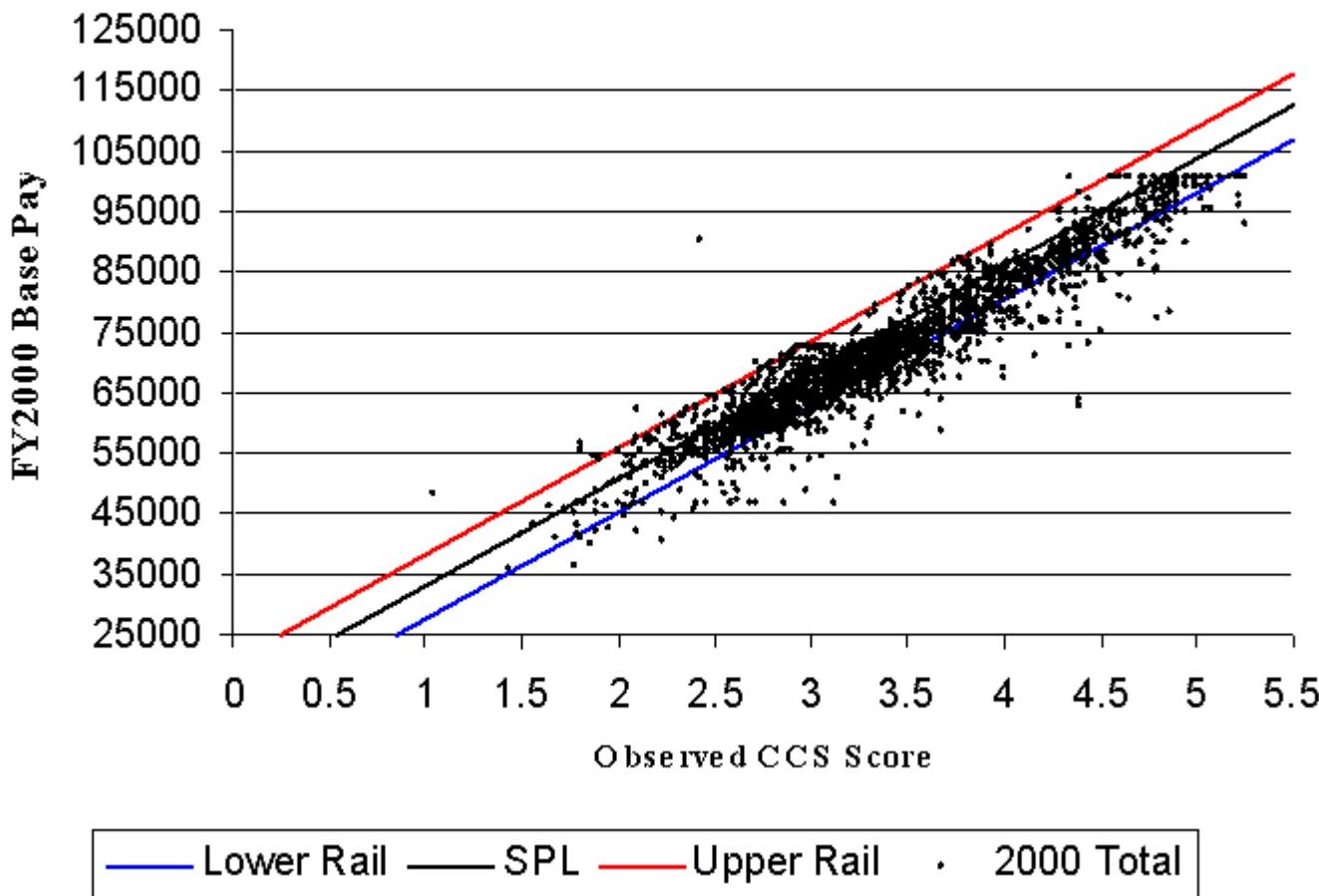
## 1999 Overall Lab Demo Plot





# Assessment Results

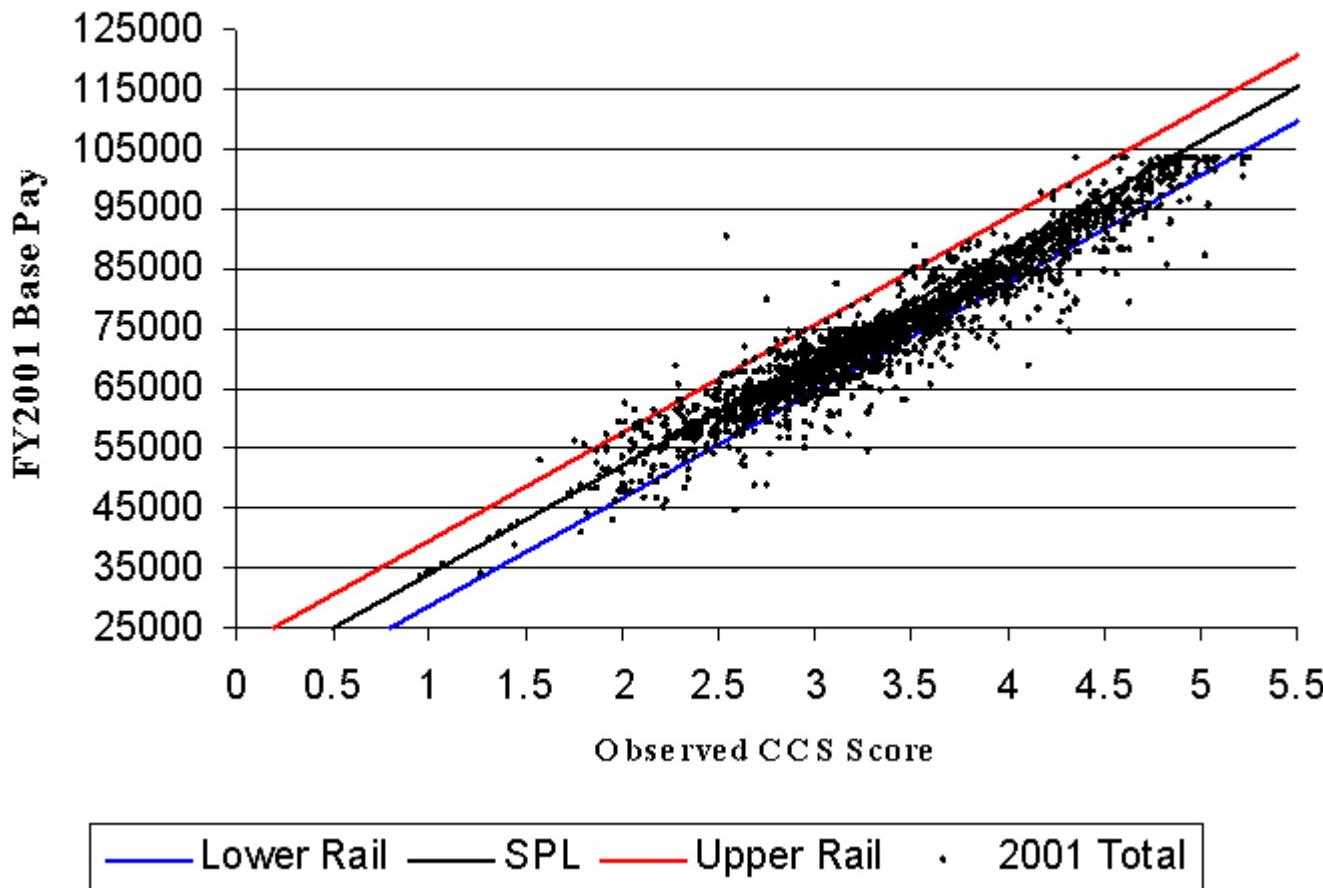
## 2000 Overall Lab Demo Plot





# Assessment Results

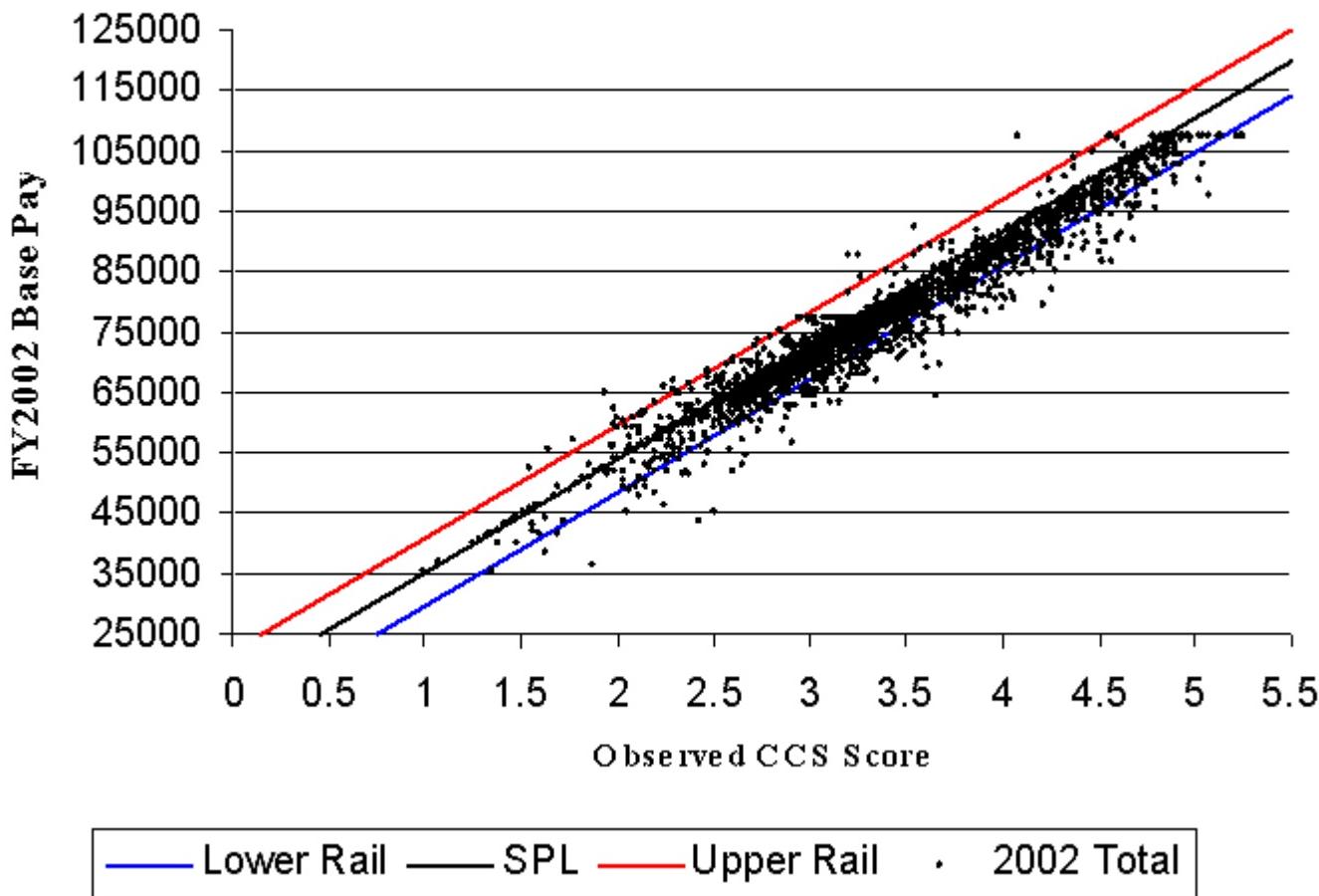
## 2001 Overall Lab Demo Plot





# Assessment Results

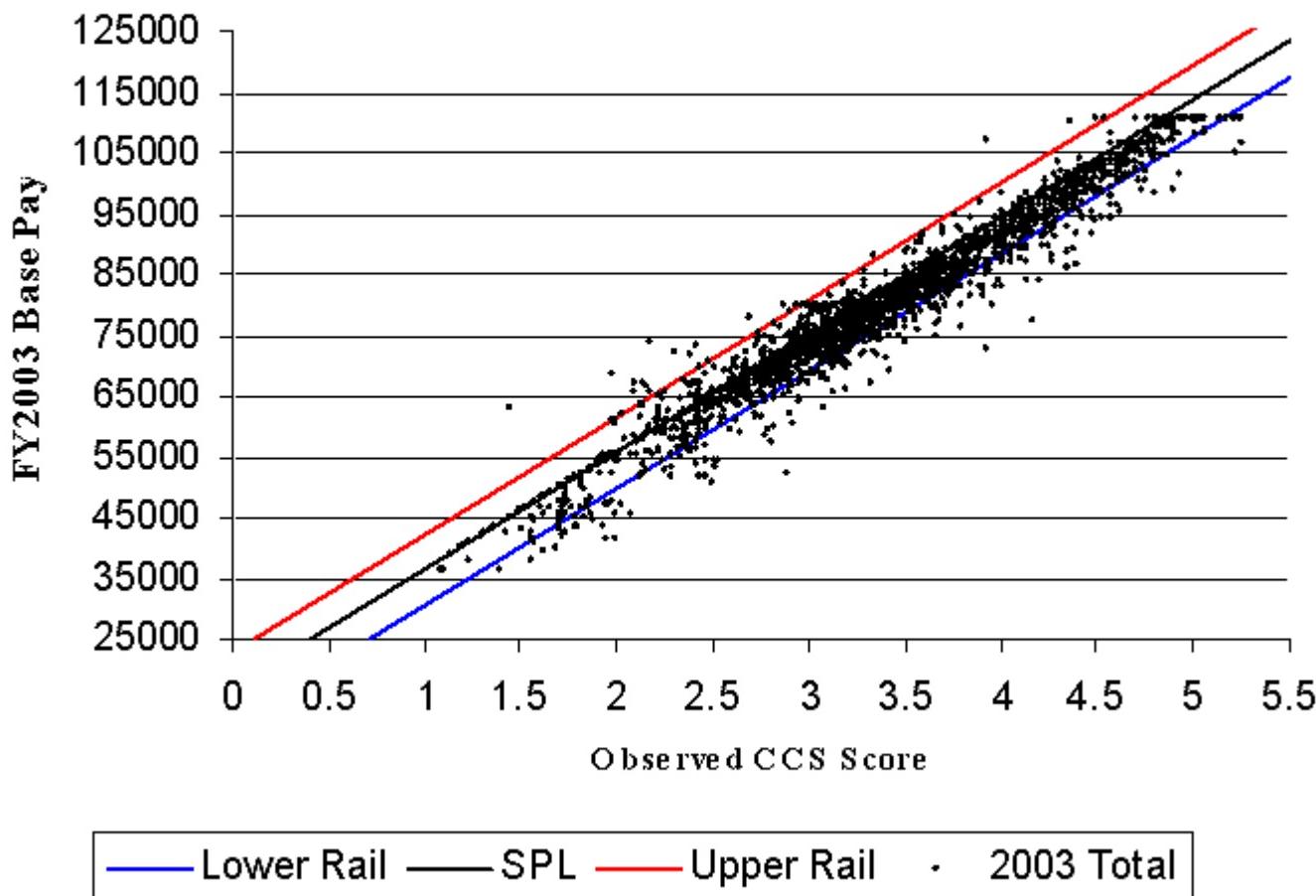
## 2002 Overall Lab Demo Plot





# Assessment Results

## 2003 Overall LabDemo Plot

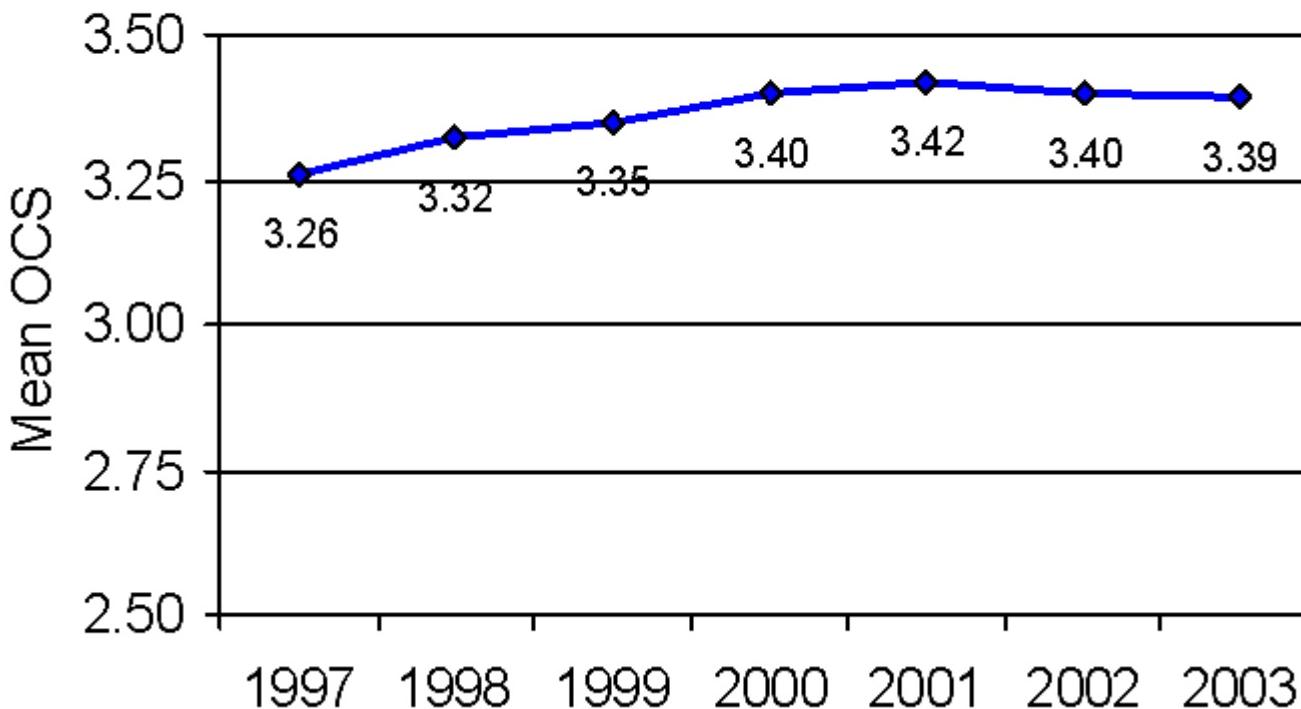




# Assessment Results AFRL Overall Mean OCS



See Block #5 of Paypool Summary Handout



**"In a healthy organization, the mean-OCS will remain constant", Dr. George Abrahamson, 1998**

**Accessions, attritions, and employee growth all work to balance each other out, and the workforce is continually reinvigorated**



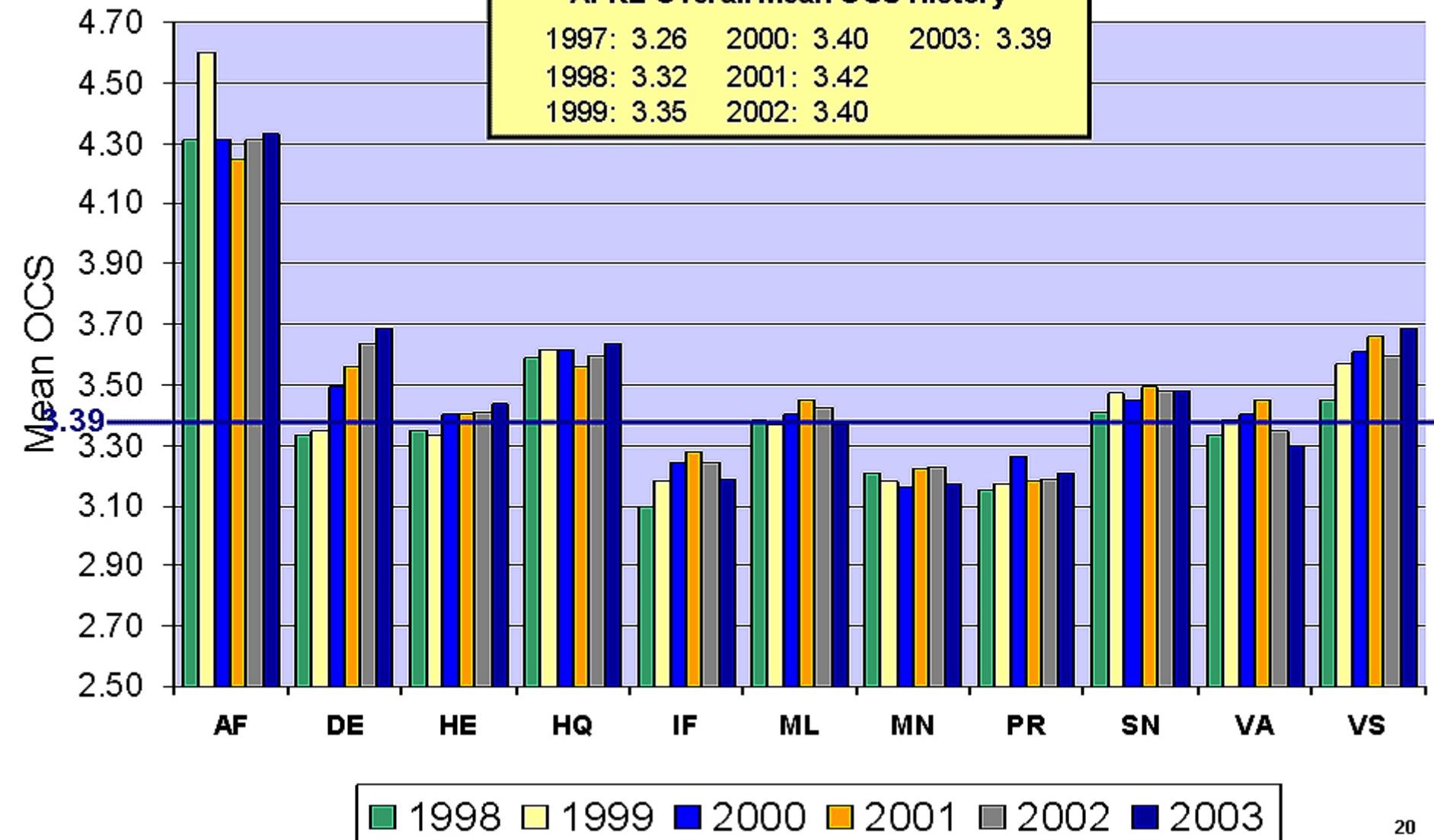
# Assessment Results

## Mean OCS by Paypool



### AFRL Overall Mean OCS History

1997: 3.26	2000: 3.40	2003: 3.39
1998: 3.32	2001: 3.42	
1999: 3.35	2002: 3.40	



■ 1998 ■ 1999 ■ 2000 ■ 2001 ■ 2002 ■ 2003

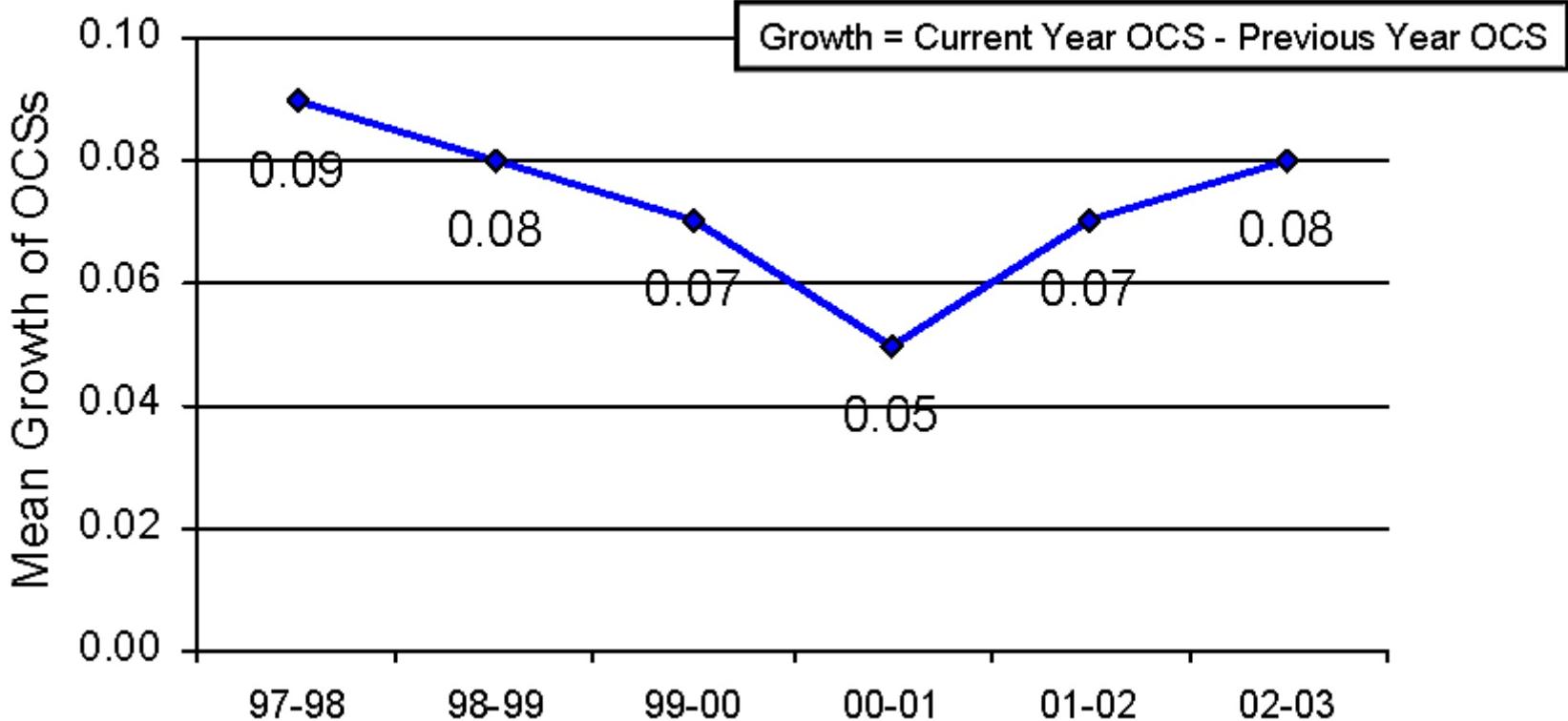


# Assessment Results

## AFRL Average Employee OCS Growth



See Block #8a of Paypool Summary Handout



**A large majority of our S&Es continue to increase their contributions.  
79% of the returning S&Es increased their contribution this cycle.**



# Assessment Results

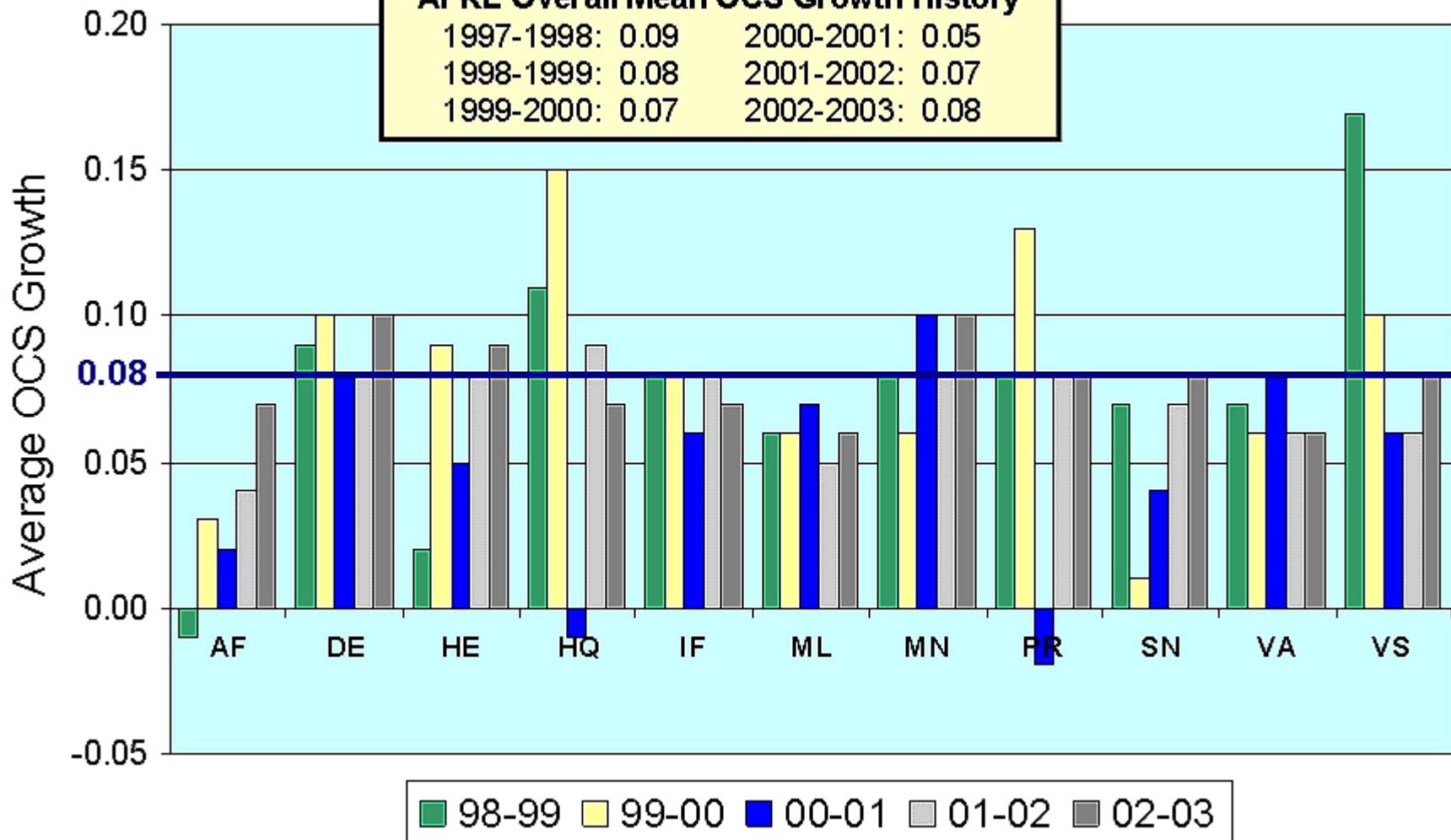
## Average OCS Growth by Paypool



See Block #8a of Paypool Summary Handout

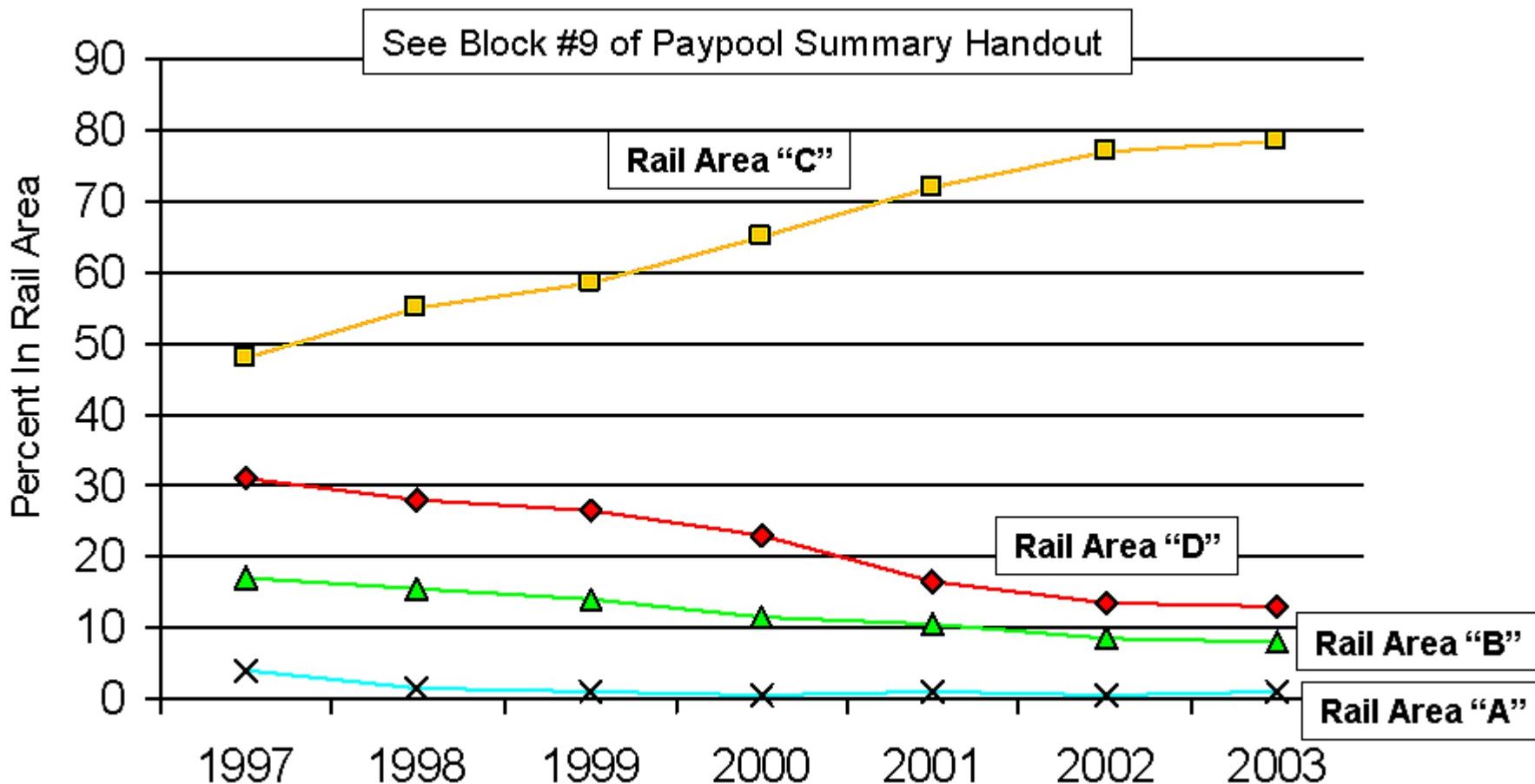
### AFRL Overall Mean OCS Growth History

1997-1998:	0.09	2000-2001:	0.05
1998-1999:	0.08	2001-2002:	0.07
1999-2000:	0.07	2002-2003:	0.08





# Assessment Results Distribution by Rail Area

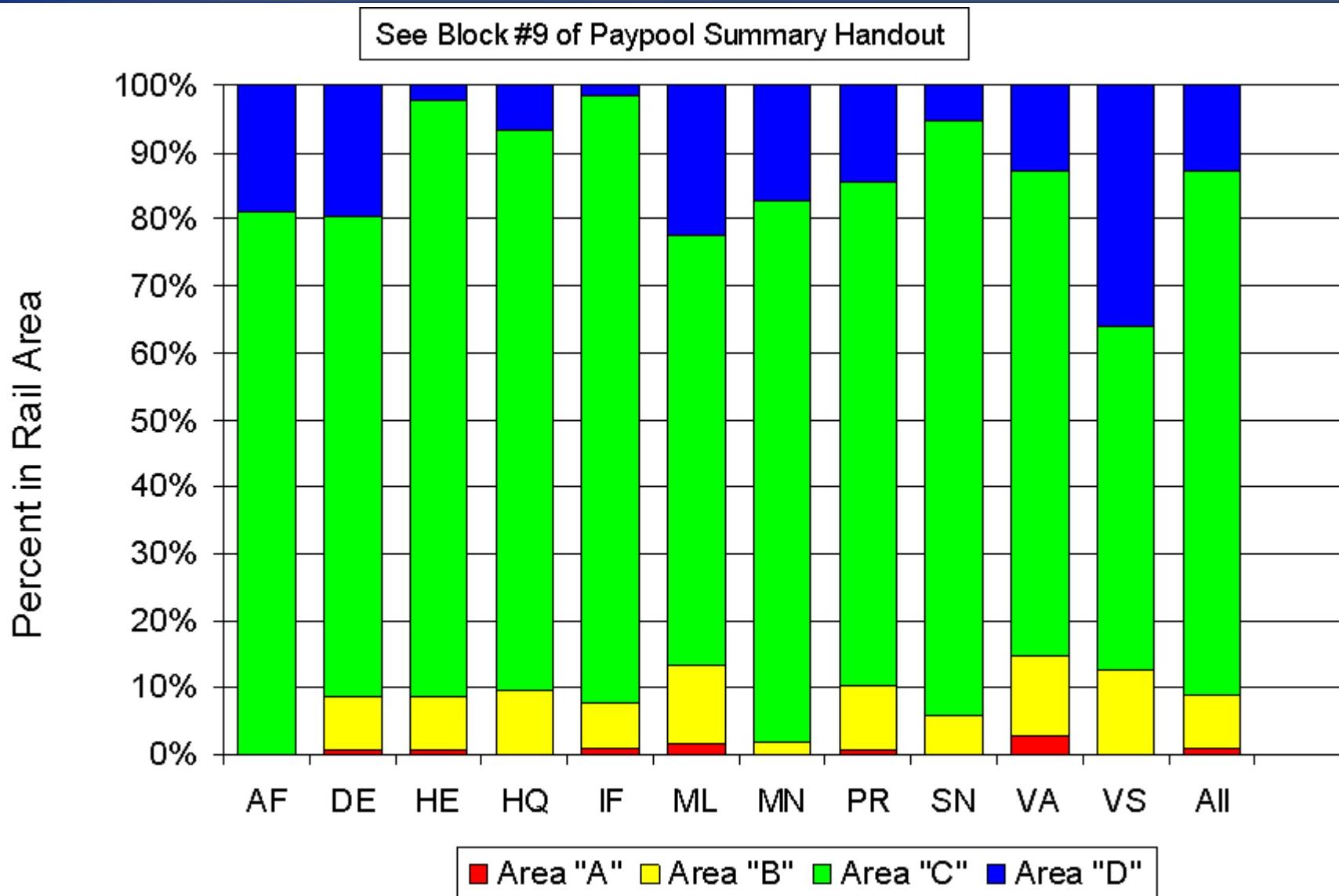


Even before compensation adjustments, nearly 87% of the S&E workforce was considered “equitably compensated” given their level of contribution.



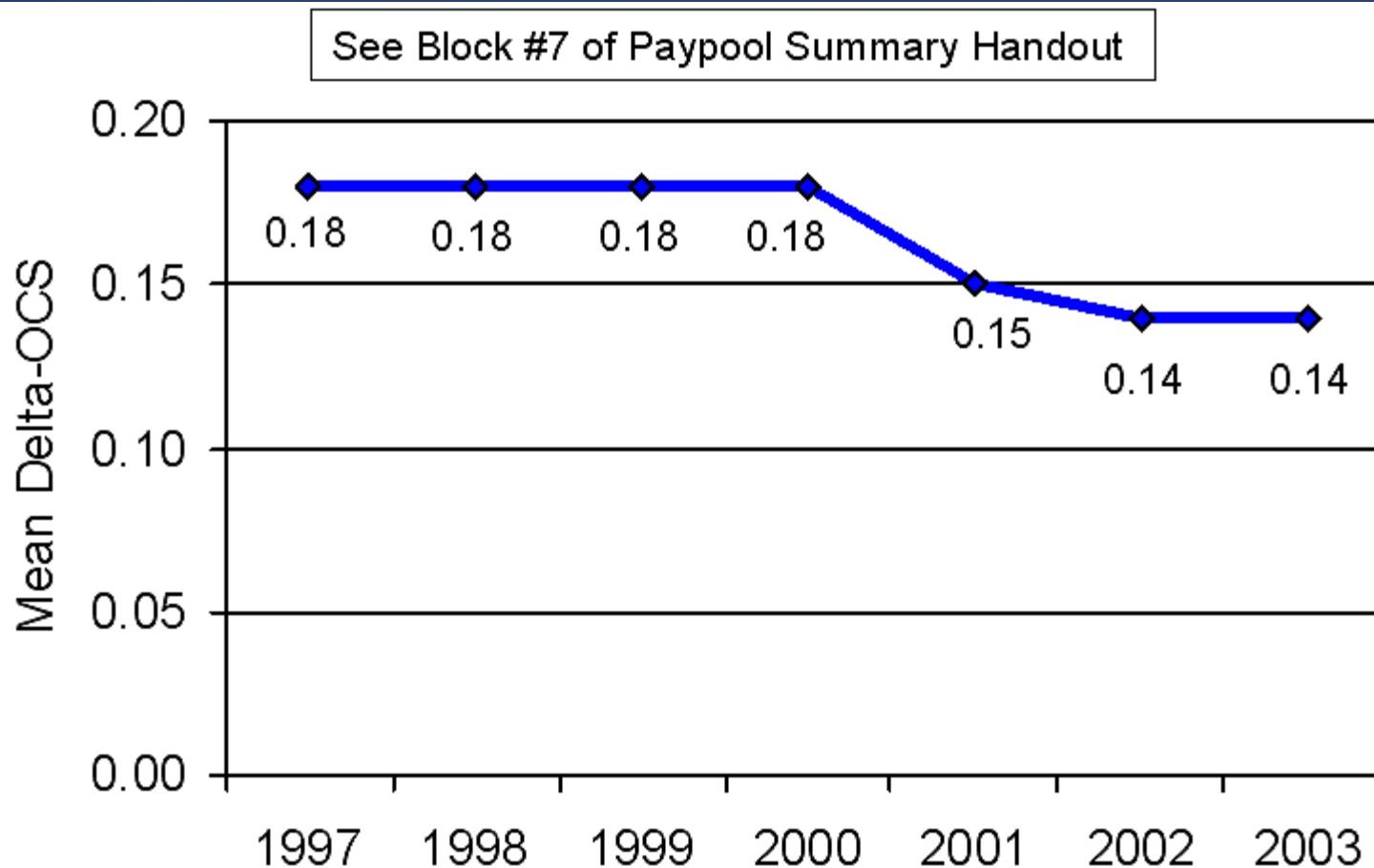
# Assessment Results

## 2003 Cycle Rail Area Distribution by Paypool





# Assessment Results AFRL Overall Mean Delta-OCS



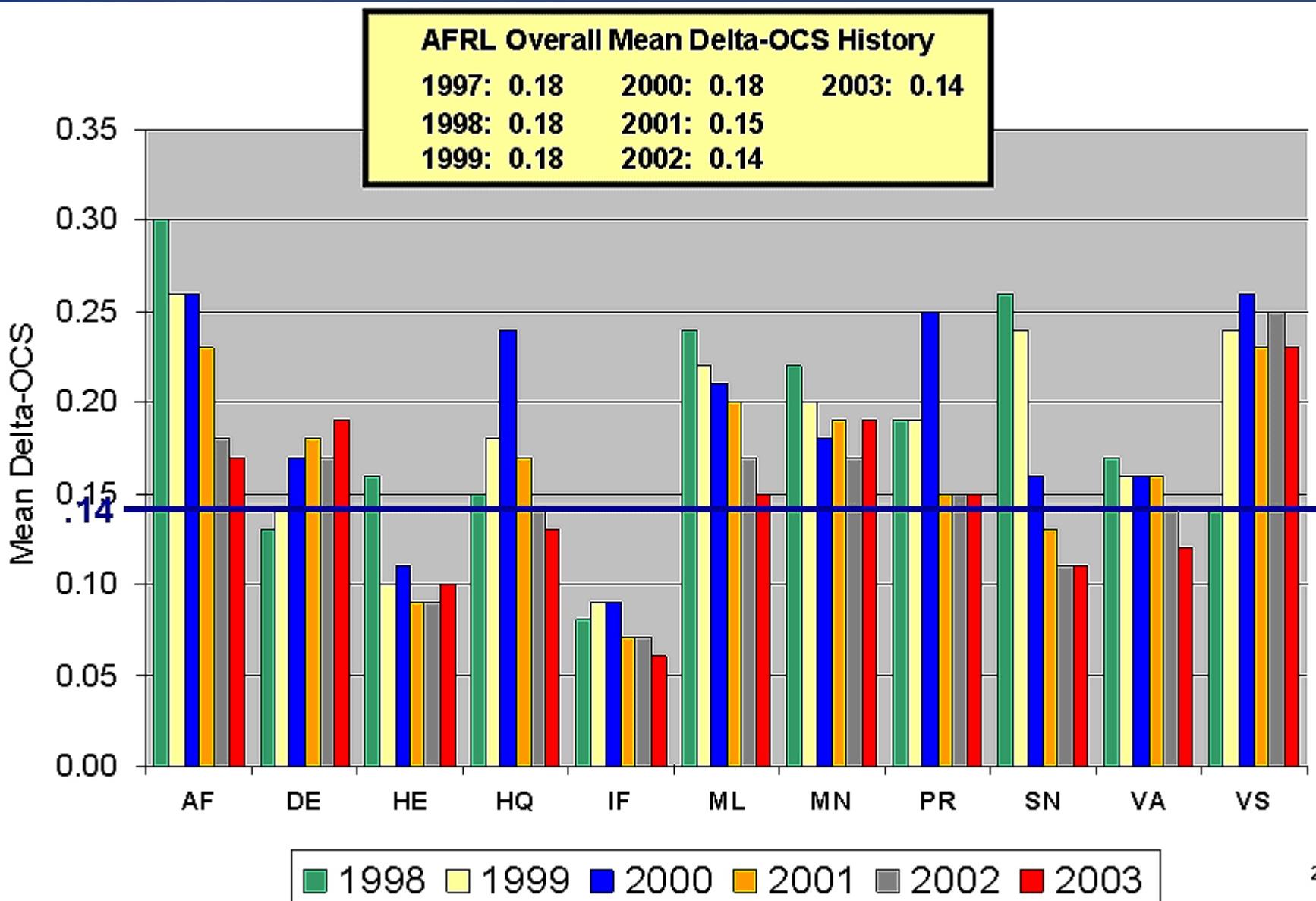
**Employees continue to be recognized for their contributions.**

**Using the Delta-OCS to adjust salaries provides equitable salary adjustments to all employees while maintaining fiscal discipline.**



# Assessment Results

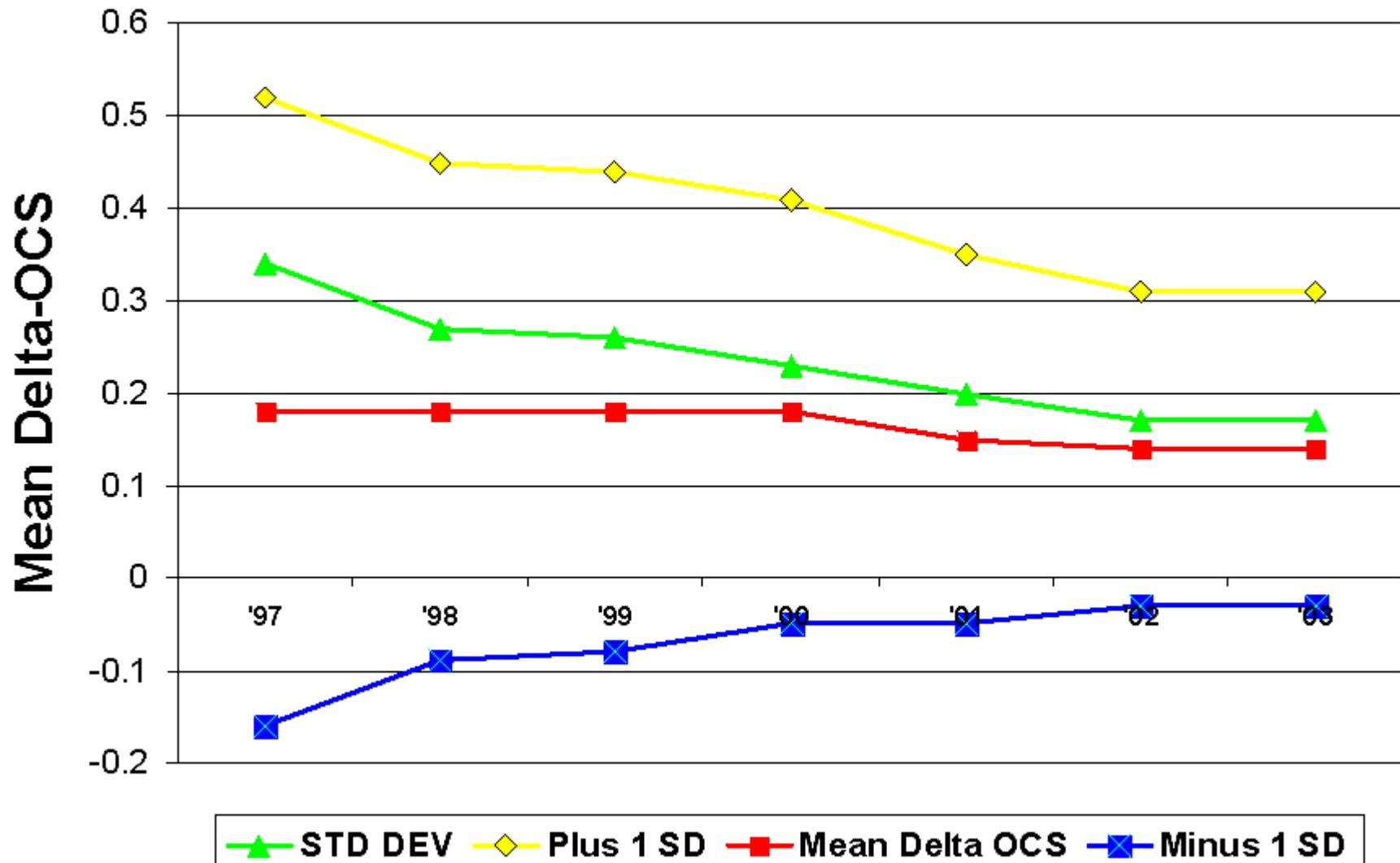
## Mean Delta-OCS by Paypool





# Assessment Results

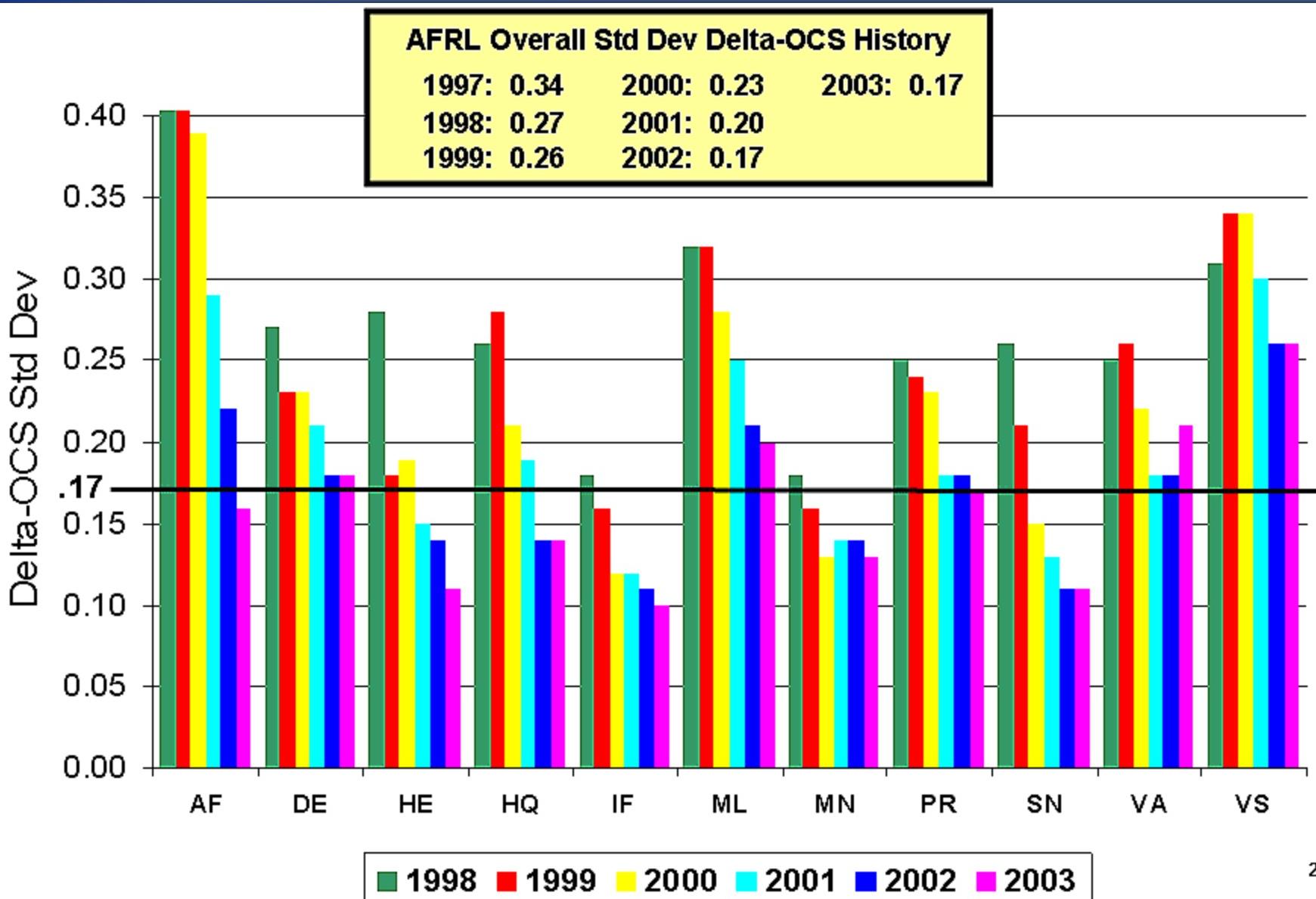
## Trends in Delta-OCS & Standard Deviation





# Assessment Results

## Delta-OCS Standard Deviations - By Paypool

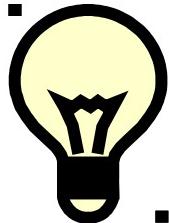
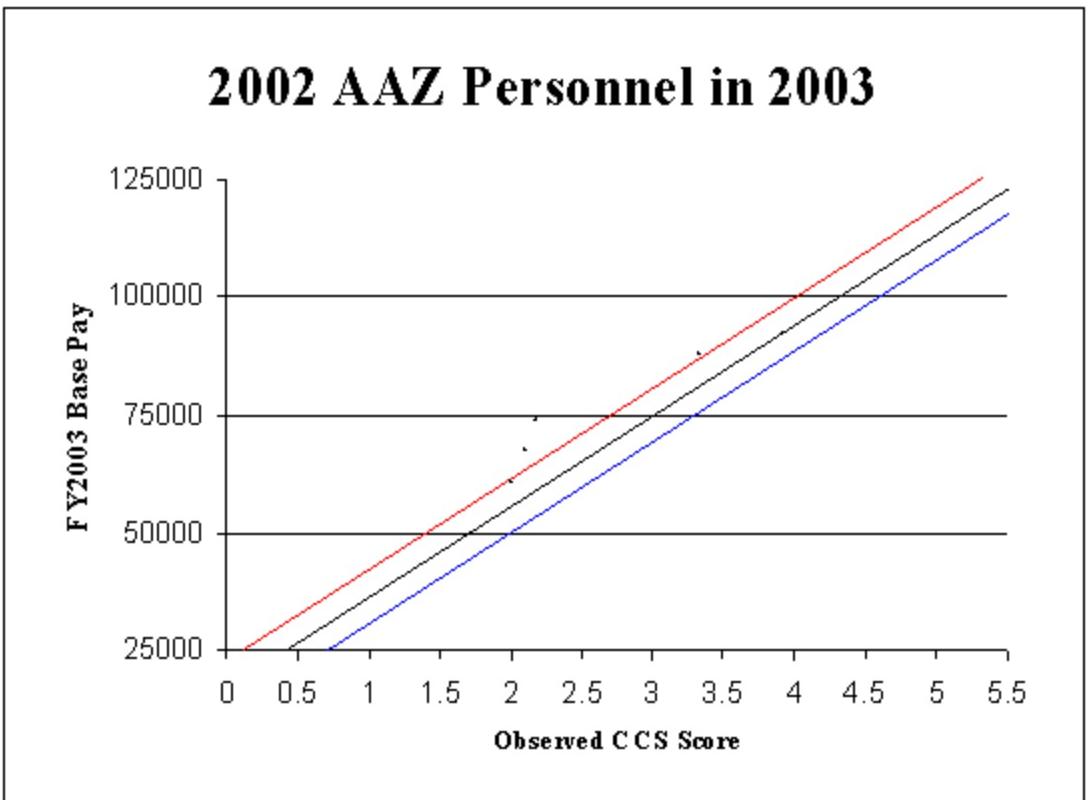




# Assessment Results 2002 AAZ Assessments in 2003



2002 AAZ by 2003 Zone		
	Count	Percent
A	3	19%
B	1	6%
C	1	6%
D	0	0%
<b>Losses</b>	<b>11</b>	<b>69%</b>
<b>Total</b>	<b>16</b>	<b>100%</b>



**AAZ employees typically either improve or move on.  
All employee protections available in the GS system  
are afforded to those placed on Contribution  
Improvement Plans (CIPs).**

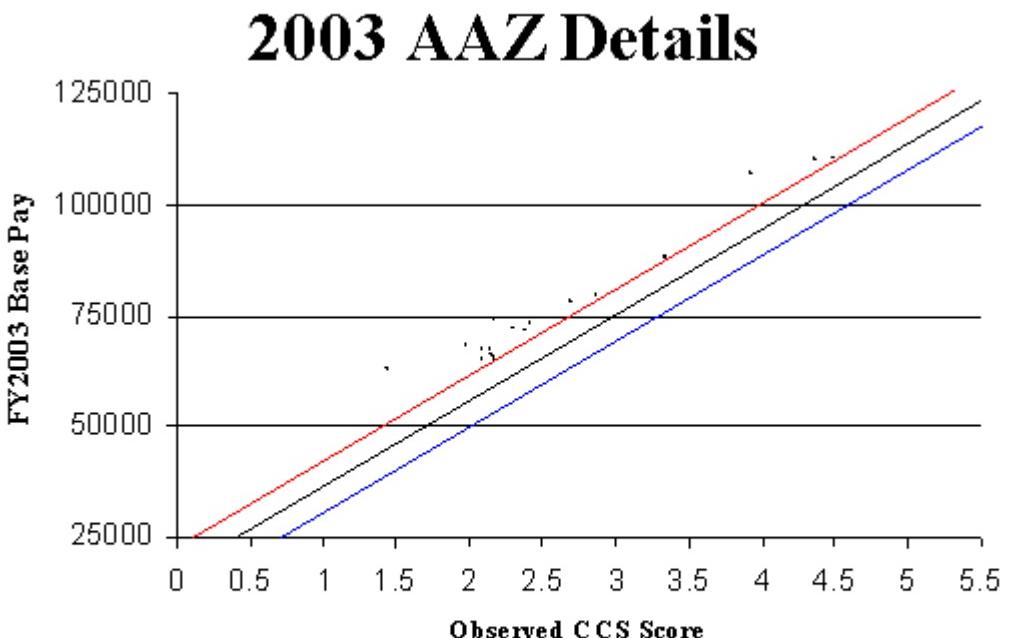


# Assessment Results

## 2003 AAZ Details



- 18 Employees in AAZ
  - 6 VA              2 PR
  - 5 ML              1 DE
  - 3 IF              1 HE
- 9 are new to the AAZ
- 6 in AAZ for 2<sup>nd</sup> time
- 3 in AAZ for the 3<sup>rd</sup> time

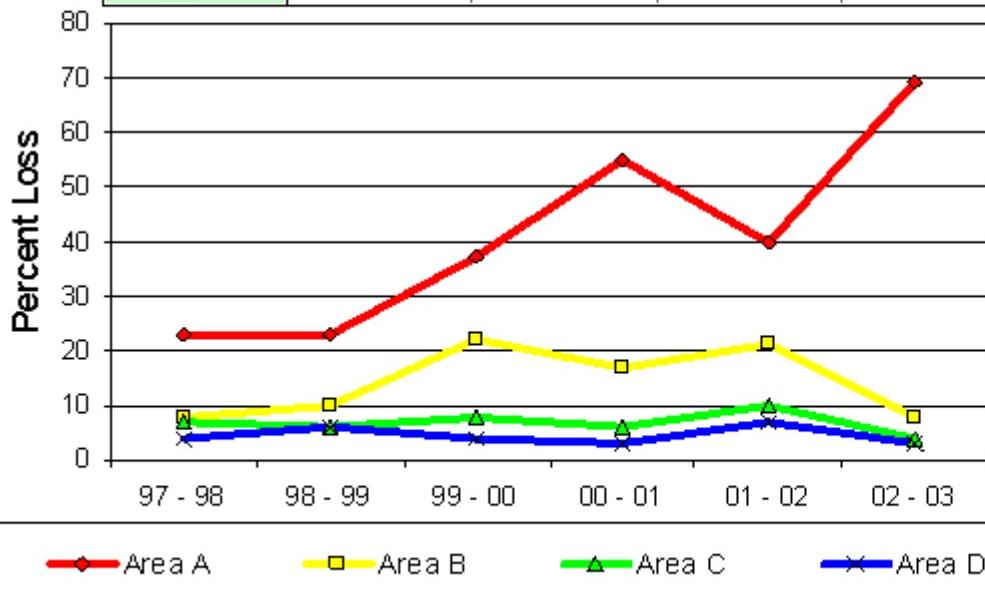


The “meeting of managers” process provides the mutual group review and the support needed to deal with low contributors. It also provides the feedback that employees need to improve.

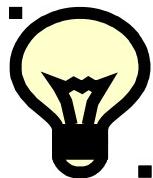


# Loss Rates by Rail Zone

Zone	Cycle						
	97 to 98	98 to 99	99 to 00	00 to 01	01 to 02	02 to 03	Average
A	23%	23%	37%	55%	40%	69%	41%
B	8%	10%	22%	17%	21%	8%	14%
C	7%	6%	8%	6%	10%	4%	7%
D	4%	6%	4%	3%	7%	3%	5%
Total	7%	7%	9%	6%	11%	5%	8%



Larger number due to  
Hanscom union  
withdrawal from demo



Attrition rate among the employees placed in the AAZ has always been much higher than in any other rail area.



# Assessment Results

## Equity Quick-Look Results



- Five protected groups are analyzed each year
  - Gender, minority, veterans preference, targeted disabilities, and age (over 40)
- Typically, only minority status and age have statistically significant differences in delta-OCS scores after regression analysis
- Quick-look at 2003 delta-OCS differences (i.e before regression analysis) shows a slight improvement for minorities and a slight worsening for age
  - Age is a constantly changing group
  - Lower growth/delta-OCS scores would be expected for employees in the later stages of their careers

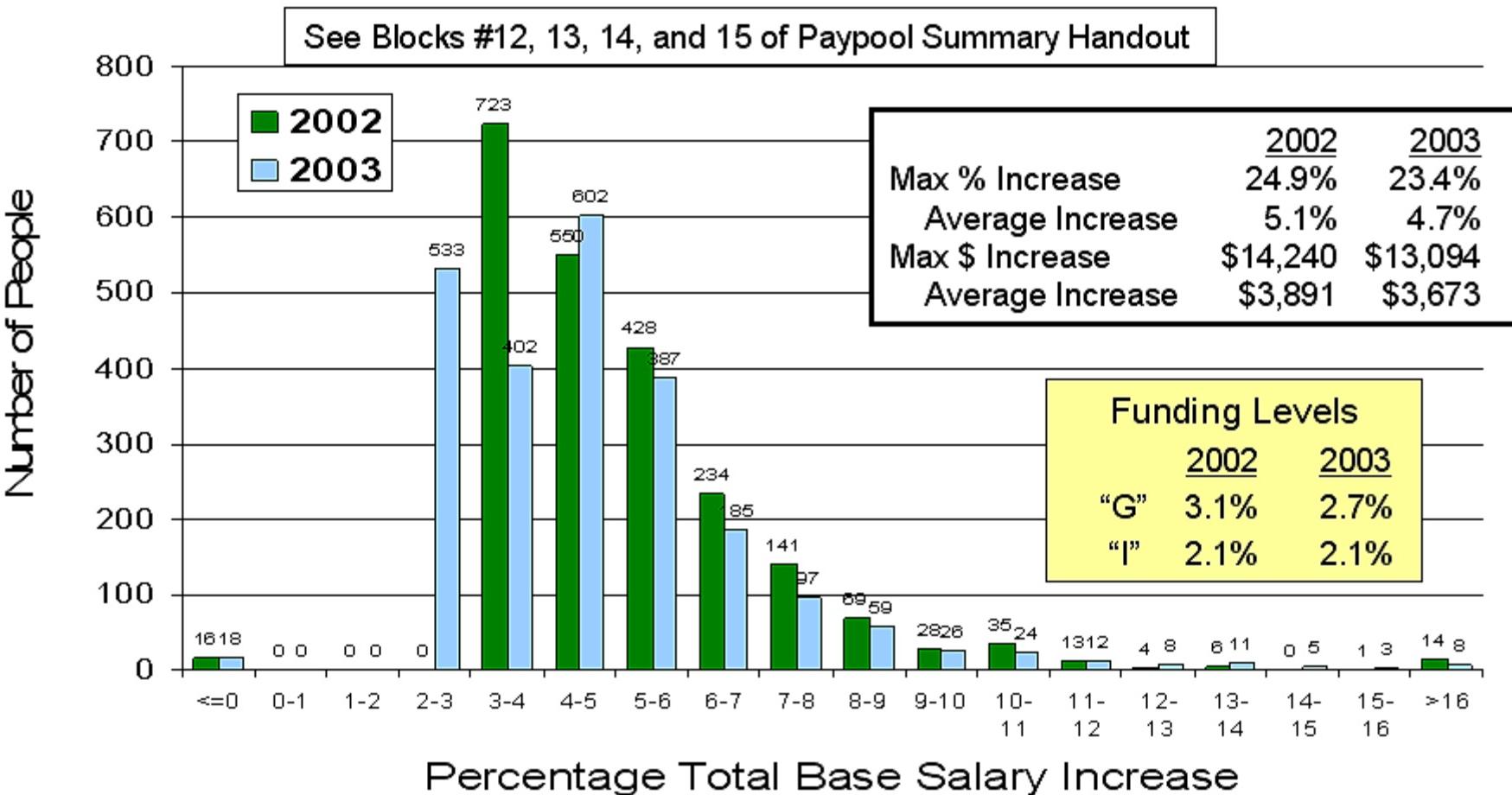


# Outline

- Project Evaluation Review Committee (PERC) Structure
- CCS Terminology
- CCS Objectives
- CCS Results
  - Demographics
  - Assessment Results
  - Compensation Adjustment
  - Broadband Movements
- Summary and Conclusions



# Compensation Adjustment Results 2003 Cycle Total Base Salary Adjustments

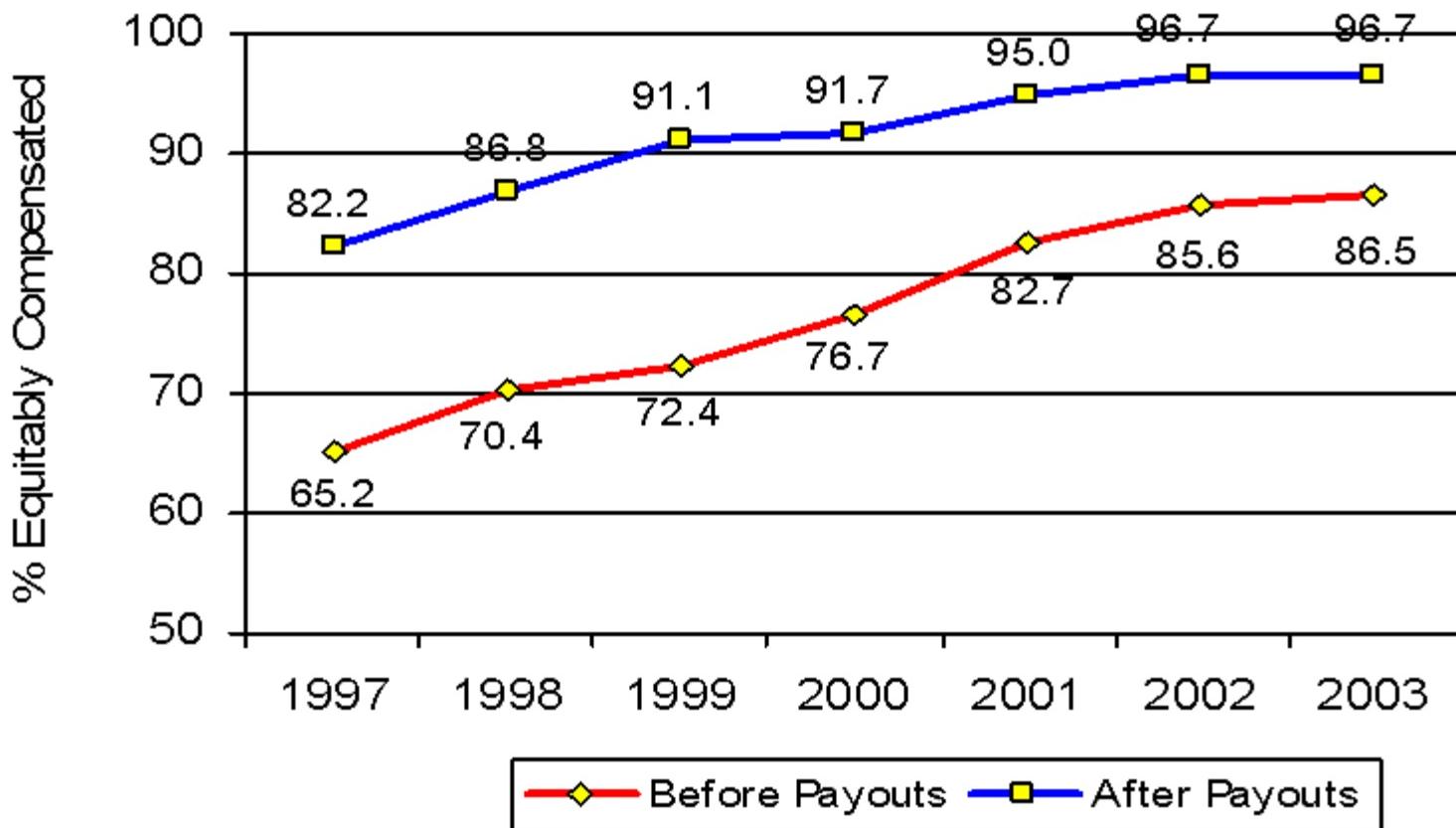


**Management has a lot of pay adjustment flexibility, and they use it. Significant raises are given to the most under-compensated every year. Raises are withheld from the over-compensated.**

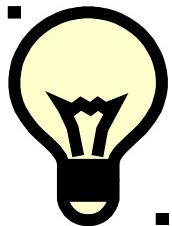




# Compensation Adjustment Results Percent Equitably Compensated



We have made tremendous progress towards providing AFRL S&Es equitable compensation. We may never obtain 100% because employees are continually increasing their contributions - but that's a good thing! <sup>35</sup>





# Compensation Adjustment Results Payout Strategies



- Straight “Alpha-Delta-Y”: HE, IF, MN, VA, VS
  - Brings everyone below the SPL the same proportion back towards the SPL
  - Software checks to ensure rules of the Federal Register are met
    - If not, “Supplemental “I”” is awarded
- “Alpha-Delta-Y” with Discretionary: AF, DE, ML, PR
  - Same as Alpha-Delta-Y except PPM can first set money aside and give additional increases to targeted individuals



# Compensation Adjustment Results Payout Strategies



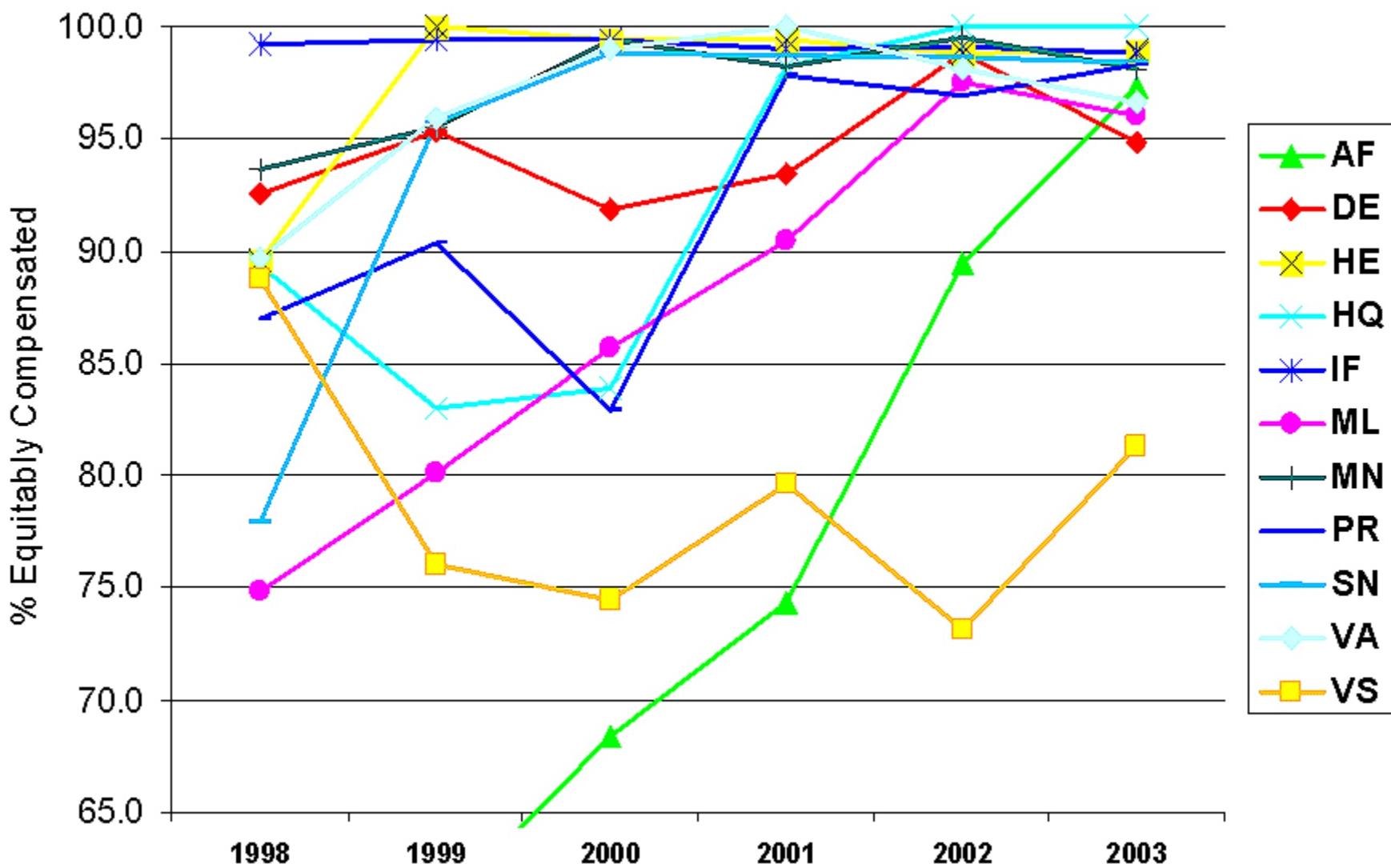
- “3-Step” Algorithm: HQ
  - Gives full “I” to individuals below the lower rail
  - Gives additional “I” to bring everyone up to the lower rail
  - Gives remaining “I” out as Alpha-Delta-Y
- “2-Step” Algorithm: SN
  - Gives “I” to bring everyone up to the lower rail
  - Gives remaining “I” out as Alpha-Delta-Y



# Compensation Adjustment Results

## Percent Equitably Compensated by Paypool

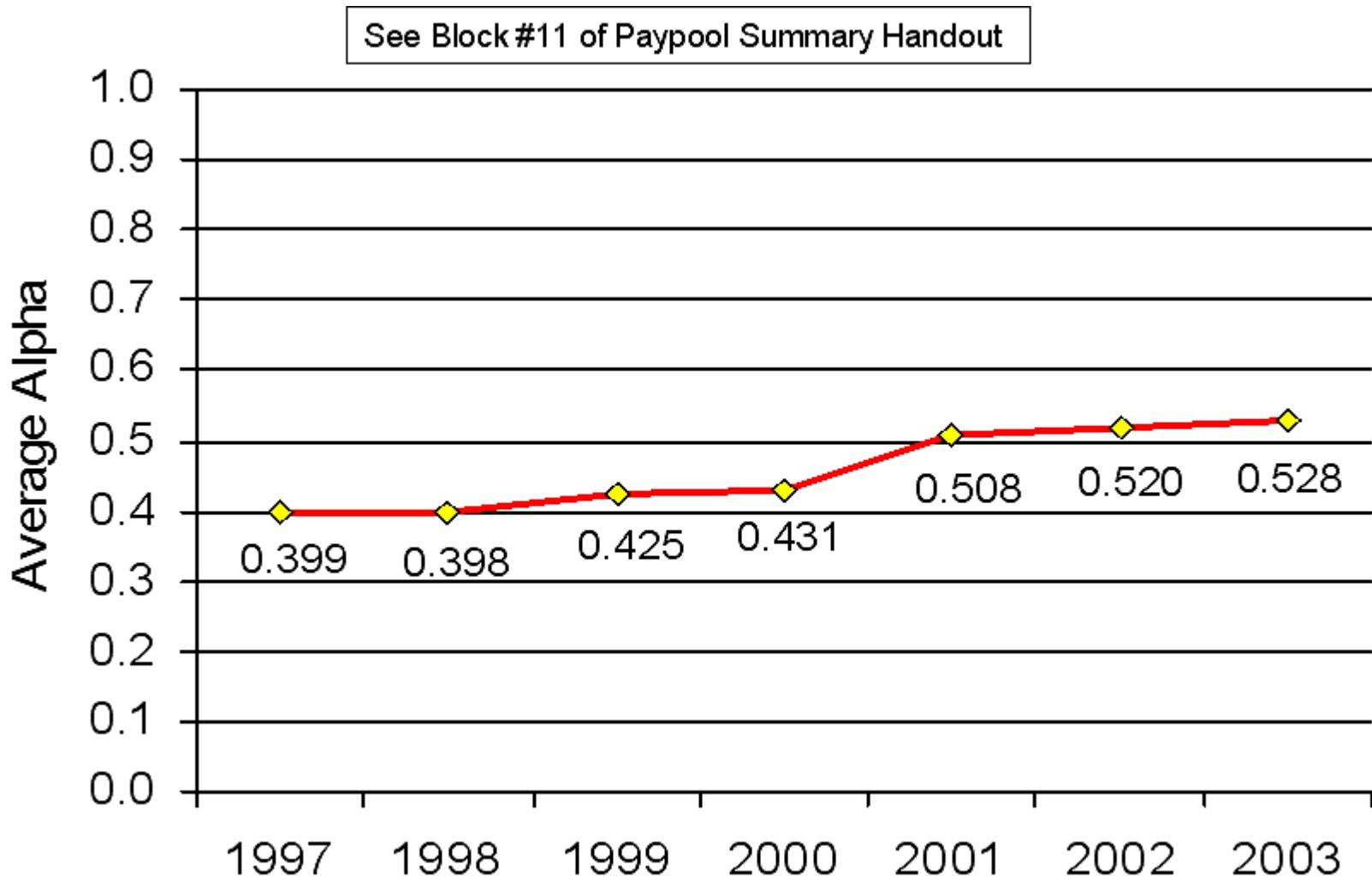
### 2003 Cycle - After Payouts





# Compensation Adjustment Results

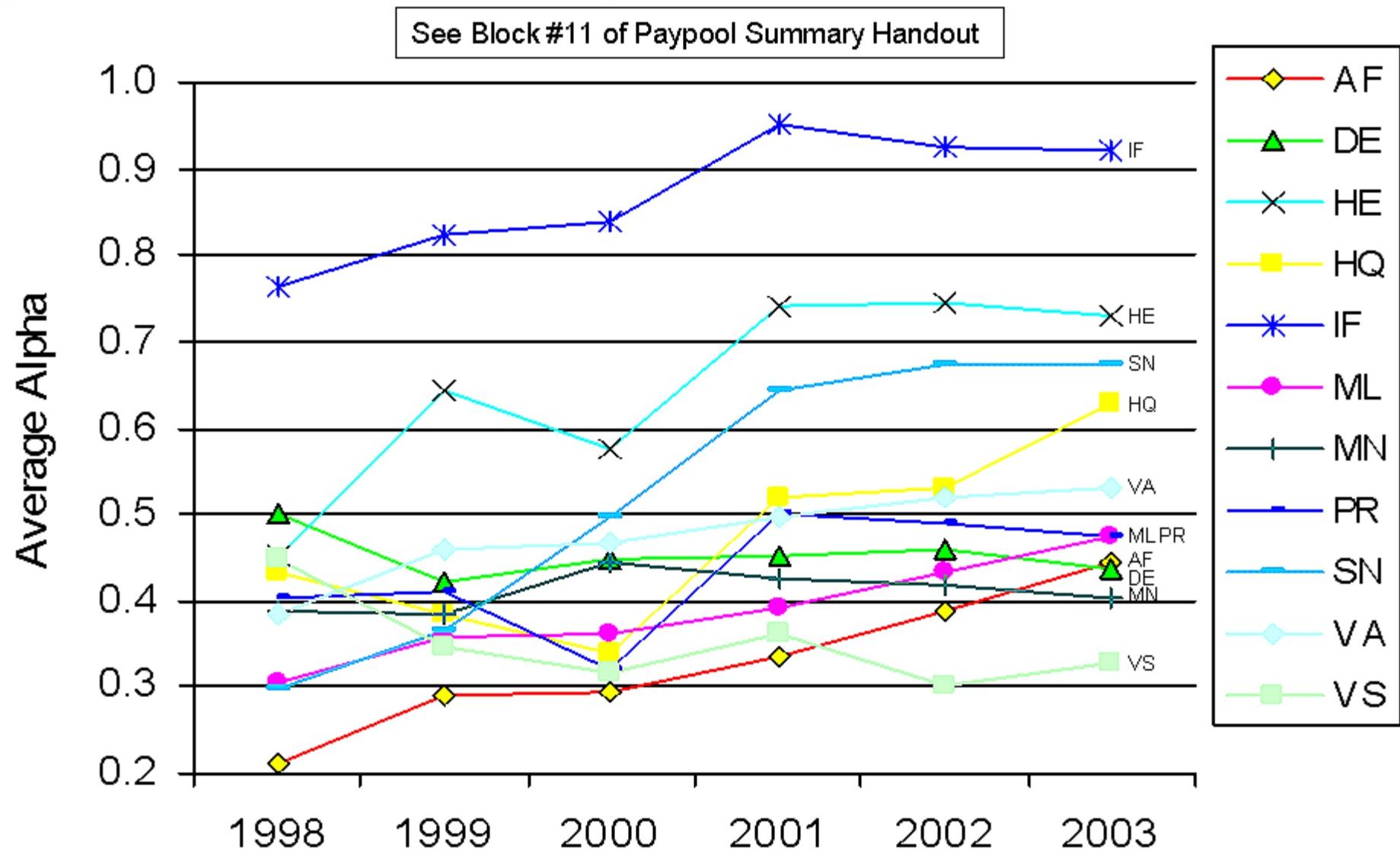
## AFRL Average Alpha





# Compensation Adjustment Results

## Average Alpha By Paypool





# Outline

- Project Evaluation Review Committee (PERC) Structure
- CCS Terminology
- CCS Objectives
- CCS Results
  - Demographics
  - Assessment Results
  - Compensation Adjustment
  - Broadband Movements
- Summary and Conclusions



# Broadband Movement Results 1997-2003 Upward Band Movements



	1997	1998	1999	2000	2001	2002	2003
Band I - II	3	1	8	6	18	15	14
Band II - III	35	76	239	198	139	131	<b>119</b>
Band III - IV	42	37	45	55	44	54	57
Totals	80	114	292	259	201	200	190

2003 Band Movement Details				
Movements	Band I	Band II	Band III	Totals
# Moved / # Eligible	3 / 42	36 / 525	28 / 202	67 / 769
# Moved / # Recommended	6 / 6	26 / 54	9 / 21	41 / 81
# Moved / # Mandatory	5 / 5	<b>57 / 64</b>	<b>20 / 21</b>	82 / 90
Totals	14 / 53	119 / 643	57 / 244	190 / 940

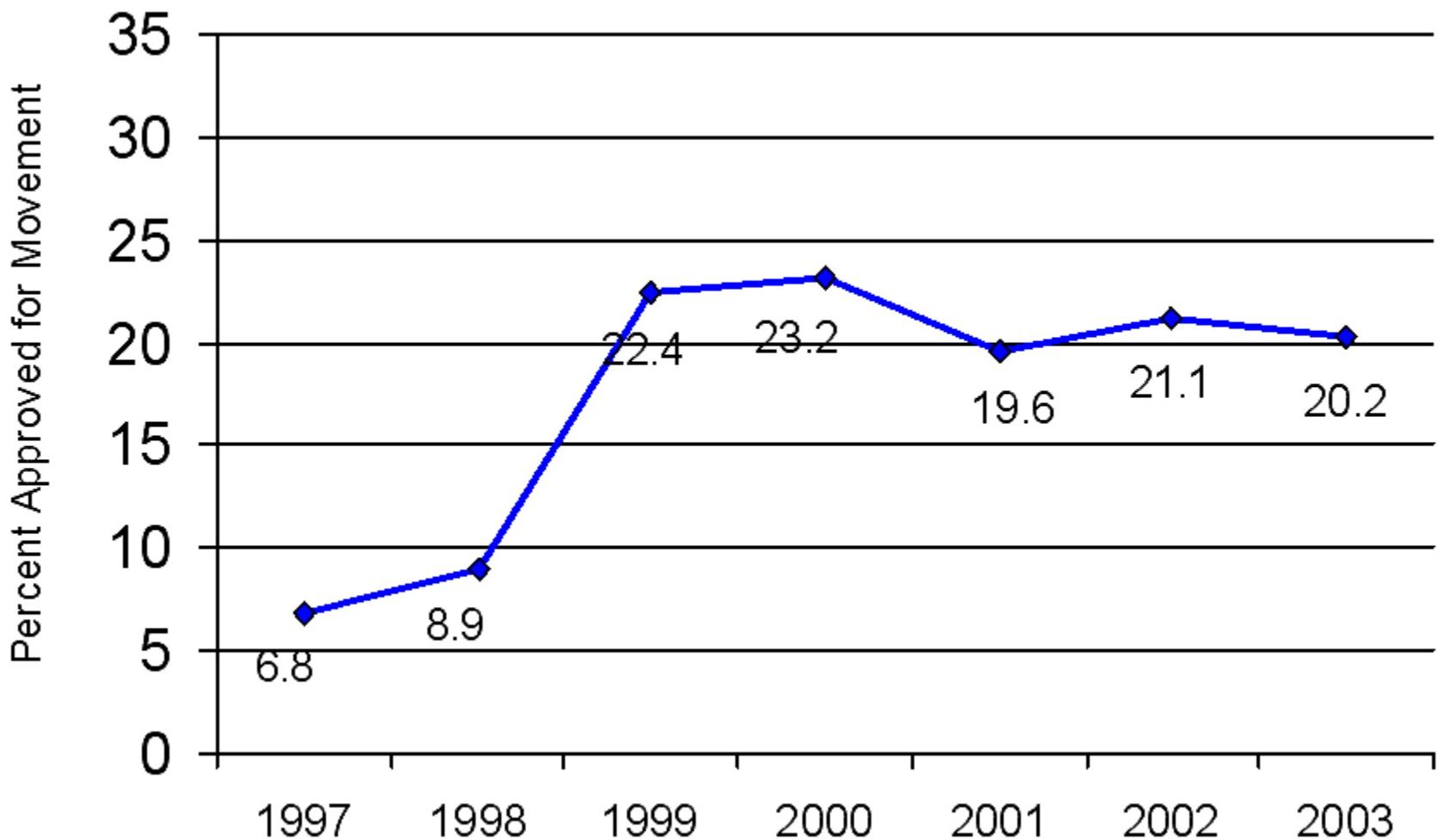
**20.2**

%



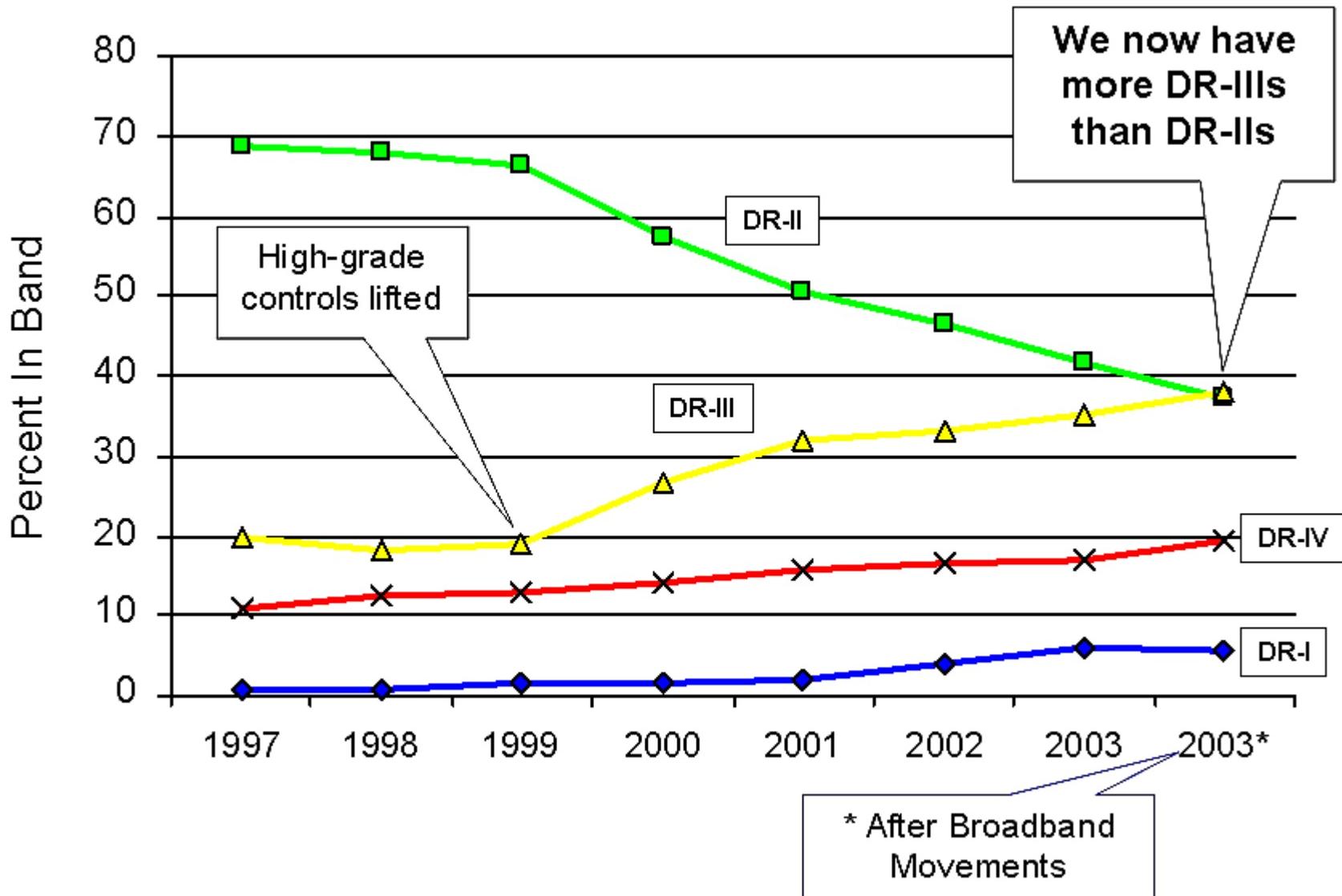
# Broadband Movement Results

## Percentage Approved for Upward Movement





# Broadband Movement Effect on Demographics





# Broadband Movement Results 2003 Paypool Demographics (After Broadband Movements)



Pay Pool	N	Band I		Band II		Band III		Band IV		"High-Grades"	
		#	%	#	%	#	%	#	%	#	%
AF	37	0	0.0%	0	0.0%	12	32.4%	25	67.6%	37	100.0 %
DE	174	1	0.6%	57	32.8%	74	42.5%	42	24.1%	116	66.7%
HE	186	5	2.7%	75	40.3%	64	34.4%	42	22.6%	106	57.0%
HQ	73	0	0.0%	11	15.1%	47	64.4%	15	20.5%	62	84.9%
IF	340	44	12.9%	137	40.3%	121	35.6%	38	11.2%	159	46.8%
ML	328	18	5.5%	140	42.7%	103	31.4%	67	20.4%	170	51.8%
MN	206	24	11.7%	62	30.1%	89	43.2%	31	15.0%	120	58.3%
PR	300	9	3.0%	137	45.7%	103	34.3%	51	17.0%	154	51.3%
SN	387	19	4.9%	132	34.1%	157	40.6%	79	20.4%	236	61.0%
VA	205	13	6.3%	84	41.0%	79	38.5%	29	14.1%	108	52.7%
VS	144	1	0.7%	47	32.6%	51	35.4%	45	31.3%	96	66.7%
Totals	2380	134	5.6%	882	37.1%	900	37.8%	464	19.5%	1364	<b>57.3%</b>

\* Defined as Band III and Band IV combined



# 1997 - 2003 Upward Broadband Movement Summary



1997 - 2003	
No. of Upward Movements	No. of Employees
1	1162
2	88*
Overall	1248

\* 2 Employees progressed from Band I to Band III

86 Employees progressed from Band II to Band IV

1997 - 2003	No. of Upwards Movements
Band I to Band II	64
Band II to Band III	937
Band III to Band IV	332
Total Upward Movements	1334
Number Moving Twice	-88
Number of S&Es Who Have Moved Up	1248

Equates to 36%  
of all employees  
who have ever  
been in the demo



**Our unprecedented latitude to advance employees is being used and supervisors are actively managing their workforce.**

**We are incentivizing the retention of top performers and providing needed feedback to those who are not.**



# Summary & Conclusions

- CCS is clearly accomplishing its goals
  - Overall contribution is up and most S&Es are now compensated appropriately for their contribution to the lab's mission
- The system is mature and stable, although not quite yet in steady-state
  - There is still migration to Zone C
- Main concerns:
  - High percentage of high-grades
  - Low alphas in some paypools
- Success is not automatic
  - Management understanding, support for, and attention to CCS is vital for continued success